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1st Session } HOUSE OF REPRESENTATIVES } DOCUMENT
No. 855

PROCEEDINGS OF THE CONFERENCE

RELATIVE TO THE MARKETING OF LIVE STOCK DISTRIBUTION OF MEATS AND RELATED MATTERS

HELD BY THE DIRECTION OF
HON. DAVID FRANKLIN HOUSTON
Secretary of Agriculture

CONDUCTED BY
THE OFFICE OF MARKETS AND RURAL ORGANIZATION
(**CHARLES J. BRAND, Chief**)
U. S. Department of Agriculture

HELD AT CHICAGO, ILL.
NOVEMBER 15-16, 1915



WASHINGTON
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IN THE HOUSE OF REPRESENTATIVES,
March 8, 1916.

Ordered, That the report on marketing of live stock, by Department of Agriculture, with illustration, be printed as a House document.

CONTENTS.

	Page.
Note-----	4
List of representatives attending the conference-----	6
Opening address by chairman-----	11
Introductory statements:	
The live-stock producers' problems, by T. W. Tomlinson, secretary American Live Stock Association-----	14
Problems of sheep and wool producers, by Dr. S. W. McClure, secretary National Wool Growers' Association-----	17
Transportation problems, by F. S. Brooks, general live-stock agent Atchison, Topeka & Santa Fe Railway-----	18
Feeding stations, by W. G. Whitmore, president and manager Valley Stock Yards Co-----	21
Market papers, reports, and prices, by G. N. Neff, general manager Corn Belt Farm Dailies-----	26
Stockyards, by F. L. Eaton, president and general manager Sioux City Stock Yards-----	31
Speculators and traders, by T. D. Watkins, order buyer, National Stock Yards-----	32
Commission firms, by M. L. McClure, president National Live Stock Exchange-----	33
Loan companies, by Albert Newman, vice president Drovers' National Bank and the Drovers' Loan Co., Kansas City-----	35
The packing plants, by G. L. McCarthy, secretary American Meat Packers' Association-----	39
The retail trade, by J. A. Kotal, secretary United Master Butchers of America-----	39
Other formal statements:	
Marketing live stock, by A. R. de Ricqles, American National Live Stock Association-----	42
The feeders' problems, by E. L. Burke, American National Live Stock Association-----	61
Influence of the Federal reserve banks on the marketing and distribution of live stock-----	120
Conditions of the live-stock trade, by J. M. Doud, Chicago, Ill-----	128
The retail butcher, by J. T. Russell, ex-national president United Master Butchers of America-----	140
The retail trade, by Charles G. Diebel, United Master Butchers of America-----	143
The benefits of more uniform shipping laws, by W. B. Tagg, vice president, Omaha Live Stock Exchange-----	148
Index by names-----	151
Index by subjects-----	152

NOTE.

With a view to ascertaining the essential facts and conditions pertaining to the marketing of live stock, determining the feasibility of improving marketing methods and facilities, and promoting a better understanding among the various interests connected with the industry, the Secretary of Agriculture directed that the Office of Markets and Rural Organization conduct a conference with the representatives of the interests concerned. An invitation to all parties interested to participate in the conference was issued through the press and was sent to the principal organizations and prominent individuals identified with the production, marketing, and distribution of live stock and meat products in the United States. The letter of announcement follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF MARKETS AND RURAL ORGANIZATION,
Washington, D. C., October 20, 1915.

DEAR SIRS: By direction of the Secretary of Agriculture, a hearing and conference relative to the marketing of live stock, distribution of meats, and related matters will be conducted by the Office of Markets and Rural Organization on November 15 and 16 at the Hotel Sherman, Chicago. The purpose of this meeting is to ascertain the essential facts pertaining to the industry, with a view to bringing about more stable market conditions, more efficient methods, closer cooperation, and a better understanding among all the interests connected with the industry. It is expected that statements concerning the questions involved will be presented and discussed by representatives of the American National Live Stock Association, National Wool Growers' Association, American Meat Packers' Association, National Live Stock Exchange, United Master Butchers of America, stockyards companies, traders' exchanges, railroads, live-stock loan companies, and market papers. All other interests and persons concerned are invited to be represented.

Your cooperation in this matter will contribute toward the success of the proposed conference, thereby aiding in the rational solution of important problems involved in the marketing and distribution of the meat supply.

Although the United States Department of Agriculture will participate in both meetings, the marketing conference called for in this communication is entirely separate and distinct from, and should not be confused with, the meeting to be held in Chicago on November 29 and 30 relative to the foot-and-mouth situation.

The business of the meeting should be taken up in order and without delay, and to this end those interested are requested to mail promptly topics suggested for discussion. It is desired that those who attend should come prepared to present some definite subject

of special interest, within the range indicated in this letter, and that outlines of such proposed discussions be sent immediately to the undersigned.

The first session of our meeting will be called to order at 10 a. m. on the 15th. In order that we may be able to make the necessary arrangements for the conference, will you please advise this office at once whether or not you expect to have one or more representatives present, and if more than one, how many.

Very truly yours,

CHARLES J. BRAND, *Chief.*

LIST OF PERSONS ATTENDING THE CONFERENCE.

- Charles J. Brand, Chief Office of Markets and Rural Organization.
Louis D. Hall, specialist in marketing live stock and meats, Office of Markets and Rural Organization.
F. M. Simpson, assistant in marketing live stock and meats, Office of Markets and Rural Organization.
G. C. White, transportation specialist, Office of Markets and Rural Organization.
John M. Burns, Office of the Solicitor, Department of Agriculture.
F. R. Marshall, Bureau of Animal Industry.
W. F. Ward, Bureau of Animal Industry.
G. Arthur Bell, Bureau of Animal Industry.
Ball, Carlton, agriculture, live stock, and dairy agent, Southern Railway, St. Louis, Mo.
Barkley, J. O., vice president and general manager St. Joseph Stock Yards Co., St. Joseph, Mo.
Bayliss, John A., Milwaukee Market Men's Association, Milwaukee, Wis.
Bellah, L. P., general agent, industrial, agricultural, and immigration department, Nashville, Chattanooga & St. Louis Railway, Nashville, Tenn.
Bisbee, E. F., vice president, St. Louis National Stock Yards, National Stock Yards, Ill.
Bockstahler, W. H., traffic manager, Belt Railroad & Stock Yards Co., Indianapolis, Ind.
Bonnell, George, industrial agent, Chicago & North Western Railway, Chicago, Ill.
Bowles, J. P., live stock commission merchant, Chicago, Ill.
Brainard, Ira F., president Pittsburgh Live Stock Exchange, Pittsburgh, Pa.
Brigham, Edmund D., Association of Freight Traffic Managers, and assistant freight traffic manager, Chicago & North Western Railway, Chicago, Ill.
Brooks, F. S., general live-stock agent, Atchison, Topeka & Santa Fe Railway Co., Kansas City, Mo.
Brown, Jay R., Farmers' and Drovers' Journal, Chicago, Ill.
Buckingham, E., vice president and general manager Union Stock Yards Co., South Omaha, Nebr.
Burger, W. O., freight claim agent, Chicago, Rock Island & Pacific Railway Co., Chicago, Ill.
Burgee, H. J., division freight agent, Big Four Route, Chicago, Ill.
Burke, E. L., Kent & Burke Co., Omaha, Nebr.

- Cameron, C. C., general freight agent Illinois Central Railroad Co., Chicago, Ill.
- Cardwell, G. A., agricultural and immigration agent, Atlantic Coast Line Railroad Co., Wilmington, N. C.
- Chapman, R. N., American Sheep Breeder, Chicago, Ill.
- Charles, C. L., Morris & Co., Chicago, Ill.
- Chase, Frank M., assistant editor, Prairie Farmer, Chicago, Ill.
- Clair, John C., industrial and immigration commissioner, Illinois Central Railroad, Chicago, Ill.
- Clark, James L., division freight agent, New York Central Lines, Chicago, Ill.
- Coffey, W. C., University of Illinois, Urbana, Ill.
- Collett, George R., vice president and general manager, Kansas City Stock Yards, Kansas City, Mo.
- Combs, W. A., assistant general live-stock agent, Atchison, Topeka & Santa Fe Railway, Kansas City, Kans.
- Corrie, S. M., president, Corn Belt Meat Producers' Association, Ida Grove, Iowa.
- Cunningham, Owen, cattle trader, Traders' Live Stock Exchange, National Stock Yards, Ill.
- Curtiss, C. F., Iowa State College, Ames, Iowa.
- Cutler, D. D., general live-stock agent, Chicago & North Western Railway, Chicago, Ill.
- Deibel, Charles G., United Master Butchers of America, St. Louis, Mo.
- Doud, J. M., J. M. Doud & Co., live-stock commission, Chicago.
- Durand, E. Dana, University of Minnesota, Minneapolis, Minn.
- Eaton, F. L., president and general manager, Sioux City Stock Yards Co., Sioux City, Iowa.
- Ebe, R. A., general live-stock agent, Baltimore & Ohio Railroad, Baltimore, Md.
- Edmands, F. B., treasurer and general manager, Cincinnati Union Stock Yards Co., Cincinnati, Ohio.
- Galbreath, W. V., general live-stock agent, Missouri, Kansas & Texas Lines, Fort Worth, Tex.
- Gatewood, E. C., general agent, Southern Railway Co., Rector-town, Va.
- Godfrey, J. L., immigration and industrial agent, Louisville & Nashville Railroad, Louisville, Ky.
- Grattan, John, farmer, Colorado Live Stock Association, Denver, Colo.
- Gregory, C. V., editor, Prairie Farmer, Chicago, Ill.
- Halliwell, A. C., Daily Live Stock World, Chicago, Ill.
- Harris, J. L., general live-stock agent, Chicago & Alton Railroad, Chicago, Ill.
- Hartman, Y. A., Live Stock Record, Sioux City, Iowa.
- Heard, Dwight B., president, American National Live Stock Association, Phoenix, Ariz.
- Heide, B. H., Union Stoc' Yards, Chicago, Ill.
- Higgins, F. H., editor, Farming Business, Chicago, Ill.
- Hopkins, W. A., general live-stock agent, Wabash Railroad, St. Louis, Mo.

- Hoverstad, T. A., agricultural commissioner, Soo Railway, Minneapolis, Minn.
- Humphreys, L. H., live-stock agent, Rock Island Lines, Cedar Rapids, Iowa.
- Hunt, G. H., freight-claim agent, Chicago Great Western Railroad, Chicago, Ill.
- Jackson, Ernest A., president Chicago Live Stock Exchange, Dallas, S. Dak.
- Jerrems, T. W., jr., live stock commission merchant, Chicago, Ill.
- Kelly, Charles, live stock commission merchant, Chicago, Ill.
- Kennedy, Morris, milling and feed yards, Rochelle, Ill.
- King, F. G., secretary Indiana Cattle Feeders' Association, Lafayette, Ind.
- Kotal, John A., national secretary United Master Butchers of America, Chicago, Ill.
- Krause, George, jr., assistant general freight agent, Cleveland, Cincinnati, Chicago & St. Louis Railway, Cincinnati, Ohio.
- Leadley, Thomas A., assistant editor, Nebraska Farmer, Lincoln, Nebr.
- Leary, J. C., president and general manager, Leary & Warren Co., Salt Lake City, Utah.
- Lewis, V. W., general live stock agent, Queen & Crescent Route, Chattanooga, Tenn.
- McCarthy, George L., secretary, American Meat Packers' Association, New York, N. Y.
- McClure, M. L., National Live Stock Exchange, Kansas City, Mo.
- McClure, S. W., secretary National Wool Growers' Association, Salt Lake City, Utah.
- McCrosky, T. G., Live Stock Exchange, Kansas City, Mo.
- McGeoy, T. J., general western freight agent, Delaware, Lackawanna & Western Railroad, Chicago, Ill.
- McManus, R. C., Swift & Co., Chicago, Ill.
- Macpherson, Hector, Oregon Agricultural College, Corvallis, Oreg.
- Magill, S. E., general western agent, Georgia Railroad, St. Louis, Mo.
- Magivny, William, president and general manager, St. Paul Union Stock Yards, South St. Paul, Minn.
- Marshall, George M., president First National Bank, Belvidere, Ill.
- Meeker, Arthur, Armour & Co., Chicago, Ill.
- Mercer, J. H., secretary, Kansas Live Stock Association, Topeka, Kans.
- Morlock, W. A., secretary and traffic manager, East Buffalo Live Stock Association, East Buffalo, N. Y.
- Neff, George N., general manager, Corn Belt Farm Dailies, Kansas City, Mo.
- Newell, J. W., auditor freight accounts, Chicago, Burlington & Quincy Railroad, Chicago, Ill.
- Newman, Albert, vice president, Drovers' National Bank and Drovers' Cattle Loan Co., Kansas City, Mo.
- Peirce, Howard G., live stock commission merchant, Sioux City, Iowa.

Porterfield, J. F., general superintendent of transportation Illinois Central Railroad, Chicago, Ill.

Potter, E. F., assistant to general manager Soo Line, Minneapolis, Minn.

Price, W. F., Morris & Co., Chicago, Ill.

De Ricqles, A. E., president American Cattle Co., Denver, Colo.

Rogers, N. P., president South St. Paul Live Stock Exchange, South St. Paul, Minn.

Root, George L., secretary South St. Joseph Live Stock Exchange, St. Joseph, Mo.

Russell, E. Z., associate editor, Twentieth Century Farmer, Omaha, Nebr.

Russell, J. T., ex-national president, Master Butchers of America, Chicago, Ill.

Ryan, W. L., live stock agent, New York, Chicago & St. Louis Railroad, Cleveland, Ohio.

Scott, A. F., county agricultural agent, Buffalo, Wyo.

Schoenfeld, William A., University of Tennessee, Knoxville, Tenn.

Sedwick, C. W., Indianapolis Live Stock Exchange, Indianapolis, Ind.

Seekins, I. L., St. Paul, Minn.

Shaw, R. S., Michigan Agricultural College, Lansing, Mich.

Shirk, W. B., general live stock agent, Missouri Pacific Railway, Kansas City, Mo.

Skinner, J. H., Purdue University, La Fayette, Ind.

Shoemaker, J. A., general manager Denver Union Stock Yards, Denver, Colo.

Slaughter, V. A., special route agent, Southern Railway, Washington, D. C.

Smith, W. E., live stock agent, Michigan Central Railroad Co., Detroit, Mich.

Snyder, Charles E., editor Farmers' Review, Chicago, Ill.

Stafford, J. A., general manager Fort Worth Stock Yards, Fort Worth, Tex.

Stewart, J. W., live stock shipper, Keota, Iowa.

Stohr, S. E., general freight agent St. Joseph & Grand Island Railway, St. Joseph, Mo.

Stryker, A. E., secretary-traffic manager, South Omaha Live Stock Exchange, South Omaha, Nebr.

Sykes, A., Corn Belt Meat Producers' Association, Ida Grove, Iowa.

Tagg, W. B., vice president South Omaha Live Stock Exchange, South Omaha, Nebr.

Tascher, J. Ralph, law department Sulzberger & Sons Co., Chicago, Ill.

Tasker, —, farmer, —, Wis.

Tod, W. J., stockman, Maple Hill, Kans.

Tomlinson, T. W., secretary American National Live Stock Association, Denver, Colo.

Wallace, H. C., secretary Corn Belt Meat Producers' Association, Des Moines, Iowa.

Watkins, T. D., order buyer, National Stock Yards, Ill.

- Weeks, W. H., assistant general manager Kansas City Stock Yards Co., Kansas City, Mo.
- Weitz, George H., superintendent stock yards, Rock Island Feeding Stations, Stockdale, Ill.
- Whitmore, William G., president and manager Valley Stock Yards Co., Valley, Nebr.
- Wileox, R. H., University of Illinois, Urbana, Ill.
- Witherspoon, F., jr., live stock commission merchant, Kansas City, Mo.
- Word, F. L., Southern Railway, Atlanta, Ga.
- Wright, Turner, Louisiana State University, Baton Rouge, La.

PROCEEDINGS
OF THE
**CONFERENCE RELATIVE TO THE MARKETING OF LIVE
STOCK, DISTRIBUTION OF MEATS, AND
RELATED MATTERS**
CONDUCTED BY
THE OFFICE OF MARKETS AND RURAL ORGANIZATION
AT
CHICAGO, NOVEMBER 15-16, 1915.

CHARLES J. BRAND, *Chairman.*

The conference was called to order in the Hotel Sherman at 10:15 o'clock a. m., Mr. Charles J. Brand, Chief of the Office of Markets and Rural Organization, presiding.

There were present various stockmen, railroad officials, packing-house representatives, Government officials, and others interested in the live-stock industry, as listed on preceding pages.

The CHAIRMAN. There is no subject relating to the distribution of the necessities of life that is more important than the marketing of live stock and meats. It is important alike to producers, intermediaries, and consumers. The well-being of the country in its largest sense is concerned. Health and economic efficiency in general depend upon it. Without a successful and well-balanced live-stock industry a truly permanent agriculture is impossible.

The annual value at the farm of animals sold and slaughtered in the United States totals in the neighborhood of \$2,000,000,000. The transportation of a commodity of such enormous value makes it as important to the common carriers as to the other interests concerned.

This conference on the marketing and distribution of live stock and meats has been called by direction of the Secretary of Agriculture. Unfortunately he has found it impossible to be here to open the conference in person, as it appeared he might, and he has asked me to express his keen personal regret that he is compelled to be absent, and his earnest wish that constructive results which will lead to greater efficiency and better understanding may flow from the conference. The purpose of the meeting, as the Secretary had it in mind, and as many of those present have been informed, is to afford an official medium for the presentation of the pertinent facts and for the consideration of conditions which will bring about a better understanding and more effective cooperation among the various interests engaged in the production, transportation, marketing,

and distribution of live stock and meat products. A preliminary study of this important phase of marketing, and expressions received by the Office of Markets and Rural Organization from organizations and individuals prominently identified with the industry indicate that there is need of accurate information concerning the instability of market prices for live stock and the feasibility of various plans that are proposed for the betterment of marketing conditions.

So far as I know this is the first attempt to get all parties at interest in the live-stock industry together, for I consider that the department, through the Office of Markets and Rural Organization, represents the consumer as well as the producers and distributers. Furthermore, I think it of great importance in all our discussions to bear in mind that the interests of the consumer must be protected and safeguarded in every way. No plan that ignores him can be successful.

Associations and conferences devoted to the separate interests of various branches of the live stock and meat industry have accomplished great good for the phases of the business which they have represented; but it will be agreed by all that there has been a conspicuous lack of concerted effort in the industry as a whole toward the systematic development of constructive plans designed for the common good. The present conference has brought together recognized representatives of each of the great departments of business concerned in the production, sale, and distribution of live stock and meat products, and it is our earnest hope and belief that the joint consideration of mutual interests in which we are about to engage will mark the beginning of a more intelligent appreciation of the problems in which all are interested and of the difficulties confronting other branches of the business than our own, and thus make for more harmonious cooperation throughout the industry.

In further explanation of the purposes of the meeting, I wish to emphasize that it is not within our province, nor desire to exercise judicial powers, and that constructive investigation, not persecution nor prosecution, is the object for which the Office of Markets and Rural Organization is authorized to expend the funds under which its work is conducted. It is fortunate in every sense that this is so, for I am confident that greater improvement in the efficiency of our marketing system may be effected through a better understanding of mutual interests than through compulsion, and certainly it is the part of wisdom to exhaust the resources of the former before resorting to the latter in our efforts to improve marketing methods and market conditions.

We recognize that this conference deals with the most important single industry in the United States, measured in terms of capital invested and value of products. We recognize also that the marketing of live stock and distribution of meats through our great stock-yards and packing centers has attained a high degree of efficiency in comparison with the marketing of most other products of the farm. It is not our thought that the present system should be supplanted or replaced, but rather that it ought to be improved by strengthening it wherever its efficiency may be increased and by supplementing it with whatever new features are feasible.

The plan of the conference is to consider in logical order each important phase of the subject, from the grower and feeder to and including the retailer, the principal topics being as follows:

- Growing and feeding live stock.
- Financing live-stock operations.
- Country dealers and shippers.
- Cooperative live-stock shipping associations.
- Transportation.
- Feeding stations.
- Terminal railroads.
- Stockyards.
- Market papers, reports, and prices.
- Commission men and exchanges.
- Stockyards traders.
- Packing and wholesale distribution of meats and by-products.
- Retail meat trade.
- General conditions.

It is perhaps proper for me to say just a word about the spirit in which we have met and the character of the discussions to be engaged in. I hope that every person participating will speak his mind frankly, freely, and fully, but with each of these liberties will go one restriction, that is that it must be done in a friendly spirit. We are all working to the same end—the upbuilding of the American live-stock industry as a whole. We are all friends. It is true that there are conflicts of interest between us, some real and, I am inclined to believe, many imaginary. At any rate, there is a generous slice of common ground on which we can work together for the common good.

I trust that so far as possible all persons who have come to the hearing will be able to stay on to its end. I know you are busy men, but the real benefit from this conference will come from participating in all of the deliberations and hearing the presentation of all of the questions.

Some of the most prominent representatives of the different interests concerned have kindly consented to make introductory statements as to the problems of the industry from the standpoint of their branch of the trade. I am impressed with the fact that each is likely to esteem his difficulties, problems, or troubles as being greater than those of the others. As a matter of fact, all have difficult questions to deal with which each should understand. Such understanding will unquestionably promote cooperation and progress. After the presentation of the introductory statements opportunity will be given for additional statements and discussions pertaining to each topic in hand. Before the close of the meeting it is expected that time will be available for general discussion, so that everyone present may have an opportunity to contribute, at least briefly, to the proceedings. I am confident that the representatives of this great industry who have gathered here have come with open minds and with consideration for those engaged in other phases of the industry. For our own part, I wish to say that it is our desire to learn wherein the department, through the Office of Markets and Rural Organization, can be of the utmost service as a bureau of information and aid along the lines to be considered here.

Beginning with the production end of the industry, we will allot from 15 to 30 minutes to the speakers. I do not want anyone to feel that there is any cloture or any desire to shorten the statement of any important matter. It has been arranged that Mr. Tomlinson, secretary of the American National Live Stock Association, will make the opening statement for that branch of the industry.

THE LIVE-STOCK PRODUCERS' PROBLEMS.

Mr. TOMLINSON. Mr. Chairman and gentlemen, at the outset I desire, on behalf of the American National Live-Stock Association and the other organizations which I have the honor to represent, to thank Secretary Houston, through you, for his arranging for this meeting, and to thank you, Mr. Brand, for your very zealous efforts in securing a good attendance of all interested. We desire also to express our appreciation of the very representative attendance of all the allied interests concerned in the live-stock industry and in the marketing thereof. While the Bureau of Markets has for some time been considering this matter—the marketing of live stock—and while our association as members have discussed it at various times, it was definitely brought to the attention of the American National Live-Stock Association at its last annual meeting in San Francisco by the report of our standing committee on stockyards and live-stock exchanges, of which Mr. A. E. de Rieqles is the chairman. The executive committee of the American National Live-Stock Association received that report, and the incoming president appointed a special committee to investigate the matters contained therein. That report was considered at a conference held in Denver on July 9, and, as perhaps you all know, a letter was sent to Secretary Houston asking for this conference. We are here pursuant to that request and pursuant to the arrangements of Secretary Houston. The special committee on markets of our association has had several meetings. They have passed on the document which I shall now read, and it represents the views of the members of that committee and also the views of the American National Live-Stock Association and the associations we represent. For conciseness of expression and for clearness of purpose I prefer to read what we have to say.

The growth of the live-stock industry in the United States has been coincident with the establishment of central stockyards and the development of the modern packing plants, with their intensive systematization, complete utilization of all by-products, and resultant economies. This development of the slaughtering business to the large, well-organized, and thoroughly equipped plants of to-day has been in keeping with the spirit of the times; it was a necessary evolution to meet changed conditions. Our large cities could not be satisfactorily and economically supplied by local butchers, nor could stock growers rely upon a certain and sure market for all their stock at all times without these great central markets and large slaughtering plants.

For many years this country raised more meat products than it consumed, and for a long period we exported approximately 20 per cent of the meat-food products and animals we produced, either on the hoof or as finished product.

Producers are not unmindful or unappreciative of the benefits we have derived through the great central markets and the large slaughterers, but we feel that in the development and evolution of the business to the present basis there have resulted some evils which can be remedied and which we come here to discuss in a friendly spirit with all the interests concerned.

No doubt other branches of the meat industry have their own peculiar problems and encounter many difficulties in the conduct of their end of the business, but a frank discussion of all phases will at least lead to a better understanding, and we confidently believe result in some substantial remedies.

Let it be clearly understood that we are not seeking to revolutionize the present marketing methods. Central markets, with buyers of all kinds, and large slaughtering plants are necessary under prevailing conditions. Our desire is to eliminate or minimize the effect of certain evils and practices which have crept into the present system.

The capacity of the United States for the production of live stock has not been reached. Under the stimulus of reasonably profitable and stable prices it can be largely increased. Whenever this country, with its unrivaled agricultural resources, can not raise all the meat it needs the rest of the world will be on a starvation basis. The free-meat bill was not necessary to augment a diminishing supply in this country, for our supply has proven to be sufficient for home needs, with some for export. In fact, we would to-day have a greater surplus of meat-food animals were it not for the instability and uncertainty of the market, coupled with the fear of the effect of the free-meat bill and unsatisfactory land conditions in the range territory. Violent fluctuations in the market have a deterrent influence on our production, particularly the fattening of live stock. The finishing of live stock in the feed lots is a most hazardous and speculative undertaking. There are frequent erratic fluctuations that can not be accounted for upon any legitimate effect of supply and demand.

Statistics as to the total slaughter of meat-food animals in this country show that in recent years there has been a marked uniformity in the total number of pounds of meat produced. The variations in the volume are narrow, as will be observed from the Government figures which will be filed in the record. The volume of the production of other food products is by no means so uniform year by year as meat products, yet there seem to be more frequent and violent fluctuations in prices on the live-stock markets than on the average of other food products. Many of these fluctuations, in our judgment, are not controlled by supply and demand. A drop of \$1 per 100 pounds in a couple of days can hardly be explained on that theory.

We recognize a distinct difference between the natural influence of supply and demand as affecting the general trend of prices and the overnight changes which frequently occur. We expect the general trend of prices of live stock to advance or decline in sympathy with a larger supply or a shortage, general commercial conditions, export demand, and other legitimate causes; and a reasonable fluctuation in the trend of prices can not be avoided even under unrestricted competition. General average prices for live stock are higher to-day than a few years ago in response to an increased cost of production, a shortage in supply, and a larger demand; if supplies of live stock

should materially increase without a corresponding increase in demand a decline would probably be justified. That is one of the chances the producer must figure on. He is entitled to the legitimate benefits arising from a shortage and should stand the consequences of overproduction.

We believe that to-day the market fluctuations are more rapid and violent than ever in the history of our industry and that they are caused by a centralization of the buying power into the hands of fewer large slaughterers. It is hardly necessary to point out the rapid growth in the volume of business of the big packers, viz, Swift, Armour, Morris, Cudahy, and Sulzberger interests. While the production of meat products in pounds has not materially changed during the past few years, we find that the business of these large concerns, according to their annual reports, has largely increased.

We believe that the present volume of the operations of the big packers and their control of the instrumentalities of marketing is fraught with danger to the producer, to the consumer, and even to the packers, and that any enlargement of their sphere of influence over so important an article of food would prove a more serious menace to this country. Any further centralization of the meat industry into the hands of fewer people would give them a greater control over prices—a power and responsibility which they should seek to avoid for fear of its abuse.

Live-stock commission men claim there is less competition on the various markets than ever before. This is because of the elimination of many competitive slaughtering plants and therefore fewer buyers.

We believe it is not to the best interests of the live-stock industry for the large packers to own or control important stockyards, exchange buildings, and other facilities, for it results in an undue influence over the commission men who sell our stock. Their ownership of live-stock loan companies and banks, market papers, rendering plants, tanneries, etc., tends to a more complete control over our industry and a consequently greater opportunity to misuse their power. All these and other incidental questions will be fully presented and discussed by others who follow me.

There are also certain abuses connected with the handling of our live stock at the various markets by the commission men. Too large a percentage of the feeder stock is forced to pay an extra commission and a profit to some trader. There are too many commission men and others trying to scalp a living out of the producer by a commission for selling and another for buying and a profit to some trader or speculator for handling the stock. The producers have it in their power to correct part of this evil by selling or purchasing their feeding stock in the country or on the range, thus avoiding some unnecessary expenses.

The increased selling of live stock in the country direct to slaughterers is a manifest expression of dissatisfaction on the part of the producer with some of the market methods, is a protest against the increasing expenses of handling live stock on public markets, and plainly shows a desire to avoid the uncertainties of the market. A producer knows what he is to receive when he sells in the country. Nobody knows what he is liable to get when he ships to market. It

is difficult to understand how purchases in the country can have much if any real effect on the prices at central markets; it removes some competition, it is true, but at the same time it relieves the market from the burden of additional receipts. The two balance. Such purchases and sales in the country are not likely to increase under the present live-stock conditions and the small holdings of stock by any one owner. The question of country buying is primarily one between the producer and the packer.

We believe that present conditions could be very much improved, and we suggest the following definite remedies:

(1) A more even distribution of receipts on five days of the week. This would prevent delays at terminals and enable the business to be transacted at less expense.

(2) A weekly publication by the Government of data as to the meat supply on hand.

(3) The establishment of public abattoirs in connection with public stockyards.

(4) Slaughterers to relinquish so far as possible their interest in and control of stockyards and other instrumentalities involved in the marketing of live stock.

(5) Commission houses not to serve as both seller and buyer of the same stock, and to sell direct to country purchasers.

(6) Federal and State supervision of the methods and practices at the central markets.

(7) A greater cooperation toward the end of securing unrestricted competition.

The CHAIRMAN. Dr. S. W. McClure, the secretary of the National Wool Growers' Association, has promised to make a brief introductory statement to the conference on the problems and difficulties in part of the sheep and wool producers. It is a pleasure to introduce Dr. McClure.

PROBLEMS OF SHEEP AND WOOL PRODUCERS.

Dr. S. W. McClure. Mr. Chairman and gentlemen, President Hagenbarth, of the National Wool Growers' Association, desired very much to attend this conference, as well as our eastern vice president, Mr. Knollin. Unfortunately, however, the Panama-Pacific Exposition officials set aside the 13th—Saturday—as "sheep day" at the exposition, and it was necessary for both of these gentlemen to be present on that day, and both delivered addresses in San Francisco at that time. They have asked me to express to you and to the chairman their regret at their inability to be present.

I do not know that I could add anything to the very excellent statement made by Mr. Tomlinson. The interests of live-stock producers are largely the same—the sheepman, the cattleman, and the hog grower are all affected by the same conditions at the same markets. Therefore, after the able manner in which he has presented this subject to you, it would certainly be superfluous for me to attempt to add anything to it. I want to say, however, on behalf of the woolgrowers that we are in hearty accord with the purposes of this meeting, and we wish to thank the Secretary of Agriculture, through Mr. Brand, for his kindness in calling this meeting. I feel

that the question is one of profound importance and vitally concerns the future of the western sheep industry, and therefore we want to cooperate thoroughly with the men here and with the Department of Agriculture in attempting to remedy some of the bad conditions that have surrounded our system of marketing live stock.

I think with this brief statement I shall let the matter rest, and hope to have an opportunity to speak later.

The CHAIRMAN. It is something of a problem to know just in what order to put all of the topics, but we decided to place the general statement for transportation next. We are fortunate in having present the live-stock agent of the Santa Fe, who has taken a great deal of interest in this matter. He will present the introductory statement of the transportation problems and difficulties. I take pleasure in introducing Mr. F. S. Brooks, of the Santa Fe.

TRANSPORTATION PROBLEMS.

Mr. BROOKS. Mr. Chairman and gentlemen, in explanation of my designation as the representative of the western carriers in the consideration of problems concerning the handling of live stock, I will say that Mr. Brand, with whom I enjoy a pleasant personal acquaintance, requested me to designate someone to present the problems of the western railroads for all of the lines. I suggested the designation of Mr. M. J. Higgins, formerly general manager of the Missouri Pacific Railroad, now chairman of the General Managers' Association of Chicago. Unfortunately, however, Mr. Higgins had an appointment for to-day and could not be present. As the time was short I was very glad to acquiesce in the request of Mr. Brand.

I assume the purpose of this meeting, in so far as the railroads are concerned, is to deal only with the problems and obstacles encountered in the transportation of live stock, as affecting the interests of the owners of live stock, as well as the interests of the railroads.

There are many and sundry problems of greater or less magnitude which confront the carriers in the handling of the live-stock business, but which, in the last analysis, are, after all, the problems of the carriers alone on account of the very sensitive nature of the traffic—live stock being probably the most highly shrinkable commodity handled by the railroads. I refer to the picking up and consolidation of live stock moving in large volume to the markets, and the arrangement of such schedules as will deliver the live stock on the early markets for which it is intended by the shippers; the application of suitable equipment, as required by the business; compliance with the regulations of State or Federal authorities; proper observance of quarantine regulations, etc.

PROBLEM NO. 1.—UNEQUAL DISTRIBUTION OF CATTLE RECEIPTS AT MARKET POINTS.

The concentration of live-stock shipments at the leading live-stock markets on two or three particular days of each week, from a transportation point of view, overshadows all problems and obstacles encountered in the transportation of live stock. It devolves upon the railroads to provide an abnormal supply of equipment in the loading territory for the heavy marketing movement, it not infrequently being the case that it becomes necessary to rush the equipment back

to the loading territory in special trains on very high speed to provide cars for the Tuesday market, and Tuesday for the Wednesday market, the receipts for the remaining days of the week dropping from an abnormally high level to an abnormally low level.

The heavy movement congests the terminals at the live-stock markets, taxes the resources of the stock yards and commission companies, and usually results in heartbreaking fluctuations in the quotations.

The spectacle of receipts consisting of 45,000 cattle at the Kansas City market Monday, October 25, 5,000 cattle Thursday, and 575 Friday the same week, is an amazing exhibition of mismanagement on the part of the live-stock shippers themselves in the matter of marketing their live stock. The periodicals and others who trumpeted so gleefully the record-breaking receipts and their close proximity to the record-breaking receipts at Chicago failed to record the heartbreaking fluctuations in the market which represented an enormous loss to the owners. In this connection, it is no uncommon occurrence to observe receipts of thirty to thirty-five thousand cattle on the Kansas City market Monday, followed by an equal number Tuesday, and only a slight falling off Wednesday, with appreciable fluctuations as a result of the glut.

This condition should be remedied by a more nearly equal distribution of cattle for at least the first four days of each week, which will have the support of the packing houses and other buying interests. The present plan of marketing is supported by the buying interests only because they fear inadequate supplies on other days of the week. For that reason they anticipate their needs for the week on the days of extra receipts, and make purchases that they often do not need for two or three days thereafter.

The remedy rests largely with the shipper, but it must be a concerted movement through intelligent leadership and willing adherence.

PROBLEM NO. 2—COMPLIANCE WITH TWENTY-EIGHT TO THIRTY-SIX HOUR FEDERAL STATUTE.

The leading obstacle to the successful handling of market cattle is the necessity for complying with the 28 to 36 hour Federal statute governing the period of confinement of live stock in cars.

It very frequently occurs that there is not sufficient time to handle live stock to the market within the 28 to 36 hour period from the last division terminal, although the stock is moved on schedule up to the last terminal, but could make it through in 37, 38, 39, or 40 hours. However, under the law it is incumbent upon us to unload the stock, reloading at the expiration of the five-hour limit—a decided detriment rather than a benefit to the cattle, for the reason that they do not eat or rest, and, in fact, suffer in shrinkage from an excited condition as the result of being rushed from the cars and then rushed back following the allotted period of five hours.

Cattlemen the country over are of one mind—that the 28 to 36 hour law, as advocated by eastern humanitarians not familiar with the Western live-stock business, has failed to accomplish the results sought for in its enactment.

In these cases the loss in shrinkage falls upon the owner of the live stock.

The remedy is a modification of the law insuring greater elasticity in the application of the law. There are many cases where we have attempted to handle through without unloading in a narrow margin of time, resulting in a violation of the law to the extent of a period of 40 to 50 minutes only—yet we are indicted and fined for offense. The indictment acts as a deterrent to future effort in similar circumstances.

PROBLEM NO. 3—LAW RESPECTING CONTINUOUS DUTY OF TRAIN CREW.

The train service of the railroads has been hampered to a very great extent through the interference of State and National authorities with respect to length of period of continuous duty for train and engine men. To avoid violation of the law we have been compelled to tie up live-stock trains between terminals, as a result of unanticipated emergencies, such as wire trouble, washouts, engine failures, etc. In such cases there have been instances where it has become necessary to unload the live stock at a stockyard not equipped for the purpose within 12 miles of the market, on account of the lawful time of continuous duty for the crew having expired. The owners in such cases suffer loss through shrinkage and possible fluctuations in the market.

The remedy obviously is a modification of the law to permit the train crews to remain on duty in such circumstances a sufficient length of time to handle the live stock to destination in order to avoid serious loss to the owners, which they seek to collect from the railroad company through the medium of claims.

PROBLEM NO. 4—OVERLOADING.

The predilection on the part of some shippers to overload is a prolific source of loss. It is very difficult to persuade shippers that they are overloading their live stock, as it is largely a matter of opinion, and shippers are inclined, in some cases, to feel that the railroads are endeavoring to earn revenue on what seems to the shipper to be an additional and unnecessary car. Overloaded cars on sharp curves or from sudden jars en route cause live stock to surge to the side or end of the car, getting down, and, owing to the force of numbers, sometimes being unable to arise, injury resulting. In some cases the animals become bruised, which is not noticeable at the time purchased, but reflects a loss to the buying interest.

PROBLEM NO. 5—OPERATING STOCK PICK-UP TRAINS ON TIME-CARD SCHEDULE.

In our endeavor to provide satisfactory service it is an essential to move our trains on published time-card schedules. In order to do so the stockmen are requested to conform to the schedule by having the stock in the yards and ready to load when train arrives.

It has been observed in a number of instances that the stock is just appearing or is about 2 or 3 miles away from the yards, and we are requested to hold our trains. In case we do so, a risk in making the market is assumed in connection with other stock on the train, and we invite criticism of intending shippers farther along the line who have yarded their stock in anticipation of punctual arrival of train.

And yet if we proceed without the stock which has not been yarded we incur the censure of the shipper whose stock is left.

Now, Mr. Chairman, these are a few of the problems that have occurred to me in connection with this subject. There are no doubt other problems of equal magnitude, and I take it that in the discussion gentlemen representing other roads here will present their views of the conditions prevailing on their lines. In our judgment, however, the problem of unequal distribution of live stock at the market points overshadows all problems confronting the carriers to-day.

The CHAIRMAN. I am not technically informed as to how various roads handle their live-stock claims, but I hope Mr. Brooks is going to stay with us for the later discussion, because I was impressed by the method he has devised and put into use on his lines for handling claims. It seems to me that it would be well worth while to hear Mr. Brooks again on that particular subject for the information of all the conference.

I wish now to call upon Mr. W. G. Whitmore, the president and manager of the company owning the feeding station at Valley, Nebr., who has been very highly recommended to us as having excellent personal information and experience in the matter of handling feeding stations, concerning which there has been considerable complaint.

FEEDING STATIONS.

Mr. WHITMORE. Mr. Chairman and gentlemen, I had hoped and presumed that more of the large interests, who evidently are responsible for the calling of this conference, would have been heard from before we little fellows should be asked to say anything. In fact, Mr. Chairman, I find myself very much in the position of the Irishman, who, when asked by the court whether he were guilty or not guilty, replied, "How can I tell, yer honor, until I hear the evidence?" How does any one from away out on the prairies know what you packers and people at this end of the line have got up your sleeve? I would very much prefer to keep quiet until I hear what you are up to.

The CHAIRMAN. I think we may assume, Mr. Whitmore, that no one is up to anything.

Mr. WHITMORE. Well, up to getting something righted, evidently.

Now, I hope we are not in a bad fix, any of us; in fact, Mr. Chairman, I am a natural born optimist; I like to believe that things are pretty nearly right. I do not suspect anybody of having it in for me or for my business. So far as I know, the feeding stations on the great trunk-line railways of this country are trying to render acceptable service, realizing that the best possible advertisement we can have is a satisfied shipper who goes away from our station feeling that he has value received for what he leaves there, and that has been our policy. In starting from nothing, a farmer on his own land, where the Union Pacific Railway begged of me 15 years ago to establish a little feeding plant, and not expecting it would grow to any large proportions, it has grown under our management until last year we handled there, just outside of South Omaha, 1,750,000 head of stock. I believe it is only fair to me and to the Union Pacific Railroad all along the route, to which we have access, to

say that not one shipper in a hundred went away from our feeding station dissatisfied on any ground whatever. I made some notes of a few things that I wished to recall if I were asked to talk here, and will speak briefly from them. To begin with, all stock which comes down from the ranges of the West to the markets east of the Mississippi River and on it are, as you know, raised in high altitudes and cold climates, many of the sheep especially coming from altitudes of from 4,000 to 8,000 feet, and from a region where they have frost every month in the year.

If you stop to think a minute you can understand how these sheep, and especially lambs just weaned from their dams up there under those conditions, and shipped a thousand or more miles to Nebraska on their way to market into a temperature, in July and August and September, of about 100° or more in the shade, and as one fellow says, no shade to get into, would naturally and almost unavoidably experience some difficulties in the matter of their health. A lamb with a heavy coat on, coming from such a temperature as that where he has been reared, into a climate of 100° in the shade, with scarcely a thing in his stomach since he was weaned four or five days ago maybe, is in a condition, sir, where if he does not have absolutely correct handling when he is unloaded and gets his nose into the grass, that he is going to founder and die and the stockyards manager is going to be blamed for it. If a baby were to be placed in the hands of a nurse or a physician under like conditions, they would treat him with the utmost care and be mighty lucky if they saved his life. If a miner has been confined in a mine for three days and is pretty nearly starved, you know with what care, what critical care, they handle him for the first 24 hours when he gets out. So a lamb or a sheep or even a steer coming down the line for ten or fifteen hundred miles, as some of our stock comes clear from the Pacific coast not infrequently, especially this season, not having had very good opportunities for handling, for grazing en route, by the time he gets into the Missouri Valley is very hungry and very lank, and that shipper naturally, without stopping to think much about it, wants us to put that critter right into the freshest feed we have.

They say, "Have you got a nice, fresh pasture with bluegrass and clover up to their eyes?" I say, "Yes, sir; you put your stock in there and you will have 40 or 50 dead ones to-morrow morning." He thinks I am talking through my hat; that I am trying to save that best pasture for some favored shipper.

I have found by experience that I know a great deal more about how to handle that end of the business than the average owner, and I tell him frequently before I get his stock out of the pens that if he will listen to me and take my advice I will bring him through for a very little loss, and so I have learned by experience to take that stock first in a dry yard with some nice hay and let them eat a little bit before they go to water at all, because they are almost sure to founder if they are permitted to drink at the outset. Then gradually I let them out, and before the shipper has been there 24 hours—and they often stay more than that—I will have his sheep into splendid pasture, and I will give him a fill that will do him good when he goes over the scales in market, and he won't have any dead ones.

I mention that to show you what we are up against, and in the 15 years I have been at it, giving the men an absolutely square deal, if I do say it, I have succeeded in eliminating almost all the losses from natural causes, built up a splendid business, have been able to make not only a little something ourselves, but I know we make dollars and dollars for the men who have come down the line to fill up there, and the fact that they have increased from nothing to 1,750,000 head in a year shows that they are finding out what it does for them. So the difficulties under which the feeding station labors have been largely righted, and things are running, as far as I know, pretty smoothly. I might say we have scarcely any fault to find with the railroads or anybody else.

Of course, there are times when we send out 320 cars in a night, between sundown and sunrise. The railroads undertake to give us good service. Sometimes, as has been said by this railroad man, Mr. Brooks, they fall down; engines will get out of order, something might happen and has happened which would delay the train which was to load at my station for hours, and I would have 40 or 50 men drawing pay and nothing to do. I don't enjoy it, but that is the exception and does not happen very often, and so the railroad and the stockyards companies, while we are in no way affiliated except as our business relates, they don't own the track where they come in on my place—they have simply got the right of way to run down a track, and drop down their chutes, and stop right there, never building a catch pen or anything else. We work nicely together, and I think very satisfactorily.

One thing that I will mention is that the shippers bring down too many of their uncles and cousins when they come to market. A man with 10 cars of sheep out of Utah or Wyoming or somewhere has at least 10 relatives or friends or neighbors who want to see the town. They want to see Chicago; they want to see Omaha; so, while 1 man can take all the care that 10 loads of stock will require on the road, he brings down at least 5 fellows, because he can get 5 down and home again on 10 cars of stock. It results in an infernal jungle of billing; the conductors are not all trained bookkeepers, and so they come to us with their wires crossed—one man's sheep, five men's contracts—and it takes mighty good business in the office even of these feeding stations, sir, to straighten them out and prevent continual mix-ups. If we get the stock out of the cars and out into the pastures and pens as they belong under these conditions and get them away again to the market without having at least two or three lots mixed, we are mighty lucky. I wish the railroads could contrive some way by which no more shippers could come down with the stock than is necessary. I suppose the railroads would agree with me about that. It is a nuisance, and it would result in no end of trouble if we were not all the time, day and night and Sundays, on the lookout for that very kind of thing. It keeps at least two good men around my place busy, sir, to see that these folks don't get their wires crossed. That is one of the things I would like to see reformed. You would hardly believe it, but the honest farmer is not so much more honest than the fellow on the other side of the fence, sometimes.

Only less than a week ago a man came down from the West with four cars of sheep in an awful hurry to have them got out and into the cars, and I put two counters, one counting the upper deck and one the lower, to facilitate the unloading, and when the men counting the lower and upper deck had finished a car one would call off to the other, and in adding the two decks together hastily out in the yards and in the rain he made a mistake of 10 in his addition. That shipper asked him what his count was, and without stopping to verify it and in the confusion he told him. One or two days afterwards I got a bill from the commission man for 10 head of sheep lost. All that had happened was that my own man had made a mistake in computing, and the shipper knew what he had. We sent back to Cheyenne, the next feeding station back, and verified our count, and it turned out that my man had given him credit for 10 more sheep than he had, and yet that shipper to-day is sticking out for pay for 10 more sheep than he had. So it is not all moonshine in our business.

In all those years, at least in the first 10 years of that business, we devoted all the earnings to improvements, intent upon making an ideal station where men would like to stop. We knew we had the natural facilities for establishing a mighty good feeding station, and so we went without salaries and without dividends until we had built up a nice business and a good plant, and everything going nicely, and not one shipper in five hundred ever complains of the charges. We take these sheep out of the cars day or night, put them through pastures—have 40 sheep-tight pastures with good tame grass and water and shade, and everything you want—keep them 24 hours; return them to the cars, absolutely square deal on the count, just like a bank cashier counting dollars, for how much, do you think? For a cent and a half a head. Those sheep have gained on an average during their stay there at least 2 pounds; they have sometimes gained 4 pounds; we have tested it on the scale. Supposing he has a 2-pound fill with him when he goes over the scale; at the present market price he gets at least 12 or 15 cents, which costs him a cent and a half. There is no great hardship to the shipper about that, is there? I am telling you just how the thing works out in practice. I am glad to see the secretary of the Wool Growers' Association here.

Dr. S. W. McCCLURE. I want to ask you if you believe the packer pays for that grass. You are making a statement here that we get 15 cents.

Mr. WHITMORE. Not only you get the weight, but you get the stock in condition to go up to the market in style, and they look better and they feel better. I hope you get all you are entitled to; if you don't get pay for all that grass, it is not my fault; I get it into them.

I want to touch just briefly—I do not want to take too much time, but I want to touch upon what Mr. Brooks said about that 28 to 36 hour business. Now, you will say—some of you will say—"Why, of course it is to the interest of the feeder to get them unloaded as often as you can; the more the better." I will lay aside, if I can, for a minute my own interest and tell you my observation. Generally the owner comes with his sheep and knows his business, and doesn't want to stay on anybody else's cars more than 28 hours if he can help it. Now, he knows that if he is ordinarily kept more than 28

hours his stock is shrinking fast, and if he can get them unloaded and out into the open where they can eat and drink and lie down and rest every 28 hours they are not going to have a very bad shrinkage when they get to market.

Mr. TOP. In speaking of the 28 hours you are speaking of sheep only, not cattle?

Mr. WHITMORE. Well, its not so bad on cattle; I think cattle can stand that treatment better than sheep can. Nine times out of ten the owner is glad to get his stock out of the cars in 28 hours. If you could leave it with the owner to say whether the stock will be unloaded after a 28-hour period, I would be satisfied. I can understand how it is to the interest of the railroad companies to whoop them through without unloading. It costs money to stop trains, to unload and load up again, but the man whose interests primarily are at stake is the owner of that stock, and if his interests are considered they never will be left on the cars over 28 hours, gentlemen.

Mr. DE RICQLES. You are not talking about cattle?

Mr. WHITMORE. I am talking more especially about sheep; three-quarters of my business is sheep.

Mr. DE RICQLES. Well, that is all right.

Mr. WHITMORE. You railroad men and some of you shippers know that they get stock farther to-day in 24 hours than they did a few years ago in 36 hours. The Union Pacific has been double-tracked away out into the West, and they bring trains down on the fly; they come from Laramie, Wyo., to Valley inside of about 30 hours. Sometimes they have to sign their releases up to 36 hours, and sometimes they get them right close to the 28-hour period. Anyway shippers are glad to get out when they get there, get out in the pastures and rest, and go into Omaha fresh and normal, with the fever out of them.

As to the matter of sales in the country without going into the terminal market, we are within 25 miles of the Omaha market. Buyers, farmers, feeders all around there come out and try their best to buy stock of the owner there before he ever gets into the terminal market at all, thinking that they will save the commission. Not one owner in a dozen will look at them. They say, "No, sir; we are going into the market, where there is competition; we are going to let the commission men sell this stuff." They don't want to sell them out in the country and they do want to get into the terminal market, where they think there is competition, whether there is or not. So they won't sell at these feeding stations.

The CHAIRMAN. May I suggest a subject which has come to my attention? The question has frequently been discussed as to the relative advantages of the privately owned and railroad-owned feeding stations. Can you give us something on this line?

Mr. WHITMORE. I never have had any experience with a railroad feeding station. Of course, I have observed the operation of the feeding stations on the Burlington Railroad which are owned by railroad men.

Some years ago Mr. Harriman conceived the notion that there was too much rake-off for an outsider to enjoy, and he proposed to take over these feeding stations and put them in the hands of his friends. Before doing it he directed the officials of the Union Pacific in Omaha

to go thoroughly into my station, at least, and they could check up what they paid us, of course. We get our pay every morning for the previous day's business. At that time it went up to forty or fifty thousand dollars a year. Then they asked me for a statement, and I made one right out of my books as to what it cost to do that, and what the net results and profits were to me, and I proved to them, as I would under oath if necessary, that up to that time my business had not netted 7 per cent on the investment—and no fancy salaries either. The labor cost was over \$25,000 a year. I pay \$10,000 a year rent for other ground. We use over 2,500 acres. Insurance and taxes and repairs and upkeep would startle anybody that doesn't know. The result was that Mr. Harriman concluded we were earning our money. Mr. Lane, the general freight agent of the Union Pacific, told me that he was satisfied from his observation that no railroad company could find a hired man who would handle the live-stock business for the railroads as advantageously for the shippers, or as satisfactorily, as a man who owned his own plant and gave it his personal supervision. I believe that is true. No feeding station could be freer from railroad influences or domination than mine is.

Dr. S. W. McClure. I most emphatically do not agree with many of the statements made by Mr. Whitmore. What is the proper method of procedure to state my grievances?

The CHAIRMAN. After the introductory remarks have been completed we will analyze more carefully the various statements of the introductory speakers, as well as hearing additional statements, and we want everybody to have an opportunity to express his belief on these subjects. It is by getting the commonality of opinion on this matter that we may hope to arrive at the truth.

Dr. S. W. McClure. We may not get done here in two days.

The CHAIRMAN. We will press along. We have made good progress this morning.

Mr. Brainard. Then, we will have a chance this afternoon to talk on the extension of the 28 or 36 hour law.

The CHAIRMAN. Yes. I hope especially with reference to that subject the shippers and producers will speak up in favor of the law if they believe in it. Our interest here is merely to furnish a forum in which you may present your views on the subject. We thought it would be worth while to have a short statement also from the standpoint of the market papers, and Mr. Neff has kindly consented to speak briefly on that subject.

MARKET PAPERS, REPORTS, AND PRICES.

Mr. NEFF. Mr. Chairman and gentlemen of the convention, I have been laboring under some of the uncertainties of a meeting of this kind, but I am glad to find out that the quality of mercy is not strained. It falleth as the gentle rain from heaven; it is going to be twice blessed: it becomes the throned monarch better than his crown.

I selected the avocation of newspaper work when I was a young fellow because I thought it afforded the least obstacle or resistance to human nature than any other business. I presume that you all think the same way, because there are not many newspaper men here. I

hardly know what to say. I have not any sins of commission that I know of, and I hope I have not any sins of omission. There is no newspaper organization, and certainly there is no newspaper combination. There is no newspaper trust. I have often thought that the newspaper men have less common sense than any other class of people who are trying to conduct any kind of large business.

So far as the market newspapers are concerned, I am only presuming to speak for those with which I am connected. I am here representing the Drovers' Telegram, of Kansas City; the Drovers' Stockman, of Omaha; and the National Livestock Reporter, of St. Louis. I have in my possession sworn affidavits, if they are needed, that no railroad, no packer, no stockyards, no commission man owns a single, solitary cent's worth of business in those three papers. So far as the other papers are concerned I am not an authority to speak. I am uninformed; I know nothing except hearsay. I have heard it incidentally suggested as an excuse for the newspaper man appearing at this meeting that the commission men, and the packers, and the railroads, and I don't know who else, have been charged with influencing and controlling the shading of the market fluctuations or market quotations which appear in our papers. Allow me to set your mind at rest and say that I do not believe such a condition exists. I know it does not exist so far as my paper is concerned.

Most of the commission men are familiar with the modus operandi of collecting market reports. It takes a trained man to write an intelligent, concise report of a day's trading at one of these big stockyards. It not only takes one man, but it takes scores of men. I do not know how many men other papers employ, but I know on the Drovers' Telegram, of which I am the active head, we have 40 market men, whose business it is to sift out and print in concise form the various interests of that market condition. I counted in last Monday's paper of the Drovers' Telegram alone 456 different market items that were crowded into that day's issue of the paper, and every one of them had to be accurate as nearly as they possibly could be. I want to tell you that the average ordinary daily newspaper does not have any such problem to confront in the editing of even a large paper like the Chicago Herald or Tribune. I told in a paper that I read before the Live Stock Exchange in St. Paul last fall that it takes years to make a good commission man or a good banker, and it takes years to make a good market newspaper man so that he has enough sense not to say things which he ought not to say. You have to talk about what you actually know and let alone what you do not know. It takes a good man to do that sort of thing. In other words, we are getting out a business paper and not writing up dog fights or Sunday raids on saloons, and we are called to account by some body in case we misquote a single item in that paper. You can see how absolutely important it is for a market paper to say what ought to be said and leave unsaid what ought not to be said.

For your information I will give you just a brief summary of how we arrive at a market condition. In the first place, I said it took trained men. An experienced market man who can go into the yards and by glancing over the activity with which the salesmen or the buyers are riding can pretty nearly tell at a glance whether it is a sluggish or active market. He knows by observing those things. He

has just two guesses to make. If everybody is hustling, he knows there is an active market; and an active market nine times out of ten means a strong market. Then the question to settle is how much higher the steer market is, or how much higher the hog market is. It is a question of how much. What he expects to tell there is how much higher the market is. He goes to the salesman and says, "How much did you sell these cattle for?" He goes into the pens, over the viaducts, and over to the scale houses. Pretty soon he knows whether the salesman is right. He will look at a steer. Probably the newspaper man may think a good deal of his judgment, if the salesman says 10 cents higher. Probably the packing-house man thinks he is buying those cattle cheaper. Probably he says that the cattle are a quarter higher. The good market man strikes an average. Some fellow will say he didn't get into a good market. Nine times out of ten the newspaper man will come pretty near getting it right when he strikes an average.

I think Mr. Brooks, the general live-stock agent of the Santa Fe Railroad, will tell you that, so far as the Drovers' Telegram is concerned—I am only using that as the type—he will say he is willing to take the quotations into court, in the adjustment of claims, as expert evidence. I think the Omaha and other live-stock market papers enjoy the same confidence as we do. All over Illinois and Kansas it is taken as expert evidence.

Mr. DE RICQLES. We get a message every morning in Denver at 10 minutes after 7 from Kansas City and Omaha and Chicago about this market business. Kansas City, so and so, 10 higher. Where does that come from? We get that before there are any cattle sold. Who sends that message?

Mr. NEFF. Very often the Associated Press is responsible for that. I am going to tell you plain facts. So far as Kansas City is concerned, usually that is sent out before there is any real established market, simply to give you an indication. I have not any criticism with the Western Union or the Postal Telegraph Co., but they very often send a messenger boy out in the yards and he asks some man, "How is the market?" The man says, "I think the market is going to be higher." Sending out a report of that kind is not the result of anybody's carelessness or ignorance or culpability. We know that men have their sheep and their hogs and their cattle gathered in the pens, and they are willing to take favorable signs as a condition of the market. I think that is a fair question and an honest answer.

Mr. DE RICQLES. Then, you would say those quotations are not reliable?

Mr. NEFF. No quotation can be reliable until the transaction is completed. I know the cattle market and the sheep market from every standpoint. I start out at 8 o'clock in the morning, and lots of times the market is not firm until 11 or 12 o'clock.

Mr. M. L. McCCLURE. Do you think that telegram would affect the market at Denver?

Mr. NEFF. Yes; it might. Now, I know this: In writing up the hog market, very often we have to wait for Chicago; we hear how Chicago is; and St. Joe waits for Kansas City; and some other market will wait on Omaha. We want to find out how the market is there. Sometimes the market starts out steady or 10 higher;

inside of an hour instead of being higher it is lower. That misleads somebody out there. I do not know how, and I never saw a man yet who was smart enough to control those conditions. I don't think the traders themselves know. I believe this; I believe that early orders are supplemented by stronger orders or orders are shut off. I would not know how to control that at all; I simply take conditions the way I find them and try to write them up honestly, and I believe ninety-nine out of every hundred newspapers do the same. It is a profit to me to have a reliable market report; it is a detriment to me to have people say, "I can't depend on this sheet." I want the man out in Denver to say that he can bank on this sheet as being absolutely correct, and I want to say to you that no packer or stockyards or anybody else controls the quotations that go into any paper that I am connected with: we report from our own best judgment. Now, if there are any other questions, I would be glad to answer them.

Dr. S. W. McClure. How does that report that we get in the papers originate?

Mr. NEFF. I do not want to be unfriendly to the daily papers, but in Kansas City one or two of the daily papers that I know crib all the market reports from the Drovers' Telegram, and in cribbing they spoil everything we say. That is an actual fact. A lot of them send a \$10-a-week boy down to the stockyards in order to write up a business that represents \$15,000,000 in a day. They will put the good man on dog fights and murders and a cub on the market reports. That is an actual state of affairs; I am not joking.

Mr. BRAINARD. I think I can explain to this gentleman. I get to my office in Pittsburgh by 7.30 your time—8.30 our time—and I get a market from Kansas City, St. Louis, Chicago, Louisville, Cincinnati, Buffalo, and, I think, Indianapolis; I get them all in my office before 8 o'clock. I only take them as a guide, and I have to use my own judgment as to whether that market will go up or down. I only take them as a guide. I only get a positive one when I get the price of my shipment.

Mr. DE RICQLÉS. That is one of the most important things we have before this meeting. In Denver I get a message at quarter after 7 in the morning, one from Chicago, one from Kansas City, and one from Omaha and St. Joe—and they are put up on the board—perhaps Chicago, 25,000 cattle, 10 lower; Kansas City will come in with so many hogs, market slow or market steady. Now, when the salesmen go out in the morning at 8 o'clock they all have this information of how the other market is, and they make their quotations accordingly, and they figure the eastern market in that way. Now, frequently by 9 o'clock there will be a message, Chicago receipts overestimated; and the same way with Kansas City; you will find hogs open slow and close at 5 higher. I think this conference should take up and work to correct that first market message that comes out in the early morning as one of the most definite things that we should handle.

Mr. NEFF. I will be glad to answer any questions. Whenever you get a market before the market opens you just learn to take it for what it is worth. I can not be satisfied with any market report of that kind going out. In our exchange of courtesies with the other live-stock papers we file our messages at 11 o'clock. I never give a man an opinion in regard to the market until 11 o'clock because I do

not know. Our men are out in the various departments; some in the hog yards, some in the sheep yards, and some in this market and that market, and the only time that we send out any messages in exchange of courtesies with other papers is 11 o'clock, and in ninety-nine out of every hundred they are correct. What irresponsible people do, what office boys do, and telegraph messenger boys do, you can not hook up with the papers of the stock yards because none of them are conducted along that line. I know every market paper in the United States, I know their editors and business managers, and I know there is not a single one of them that would send out an irresponsible market message; if there is one I have yet to know him and yet to see him.

Dr. S. W. McClure. This market report that comes to Denver and other markets is mighty important. Do we understand, Mr. Neff, that some telegraph operator or irresponsible boy is sending these messages out to the different markets?

Mr. NEFF. I know this, that very often your exchanges have arrangements with the Western Union Co. to supply them with the early markets. I know that is the custom. Perhaps the secretary of your live-stock exchange has an arrangement made with the Postal Telegraph Co. or the Western Union Telegraph Co. They never spend a single dollar with the Drovers' Telegram to gain any market information.

Dr. S. W. McClure. They are not competent to handle it, it seems to me.

Mr. NEFF. Would you think so? I would not think so.

Dr. S. W. McClure. It occurs to me that some arrangements ought to be made here.

Mr. NEFF. Just give your secretary the tip. There is accurate information you can get if you want it. Maybe you have the wrong wire. I think myself that this market business is a very important thing.

I just want to say one thing more, Mr. Chairman; I am very glad to have this opportunity; I am very glad to know that you gentlemen have come to realize that the market paper is a valuable factor in your business. I have been lighting for 25 years in order to get that sort of thing, and I want to say this, that heretofore there have been some Secretaries down at Washington that did not have enough common sense to know that there was a place in the field for a market paper, and we have spent from five to fifteen thousand dollars to keep the second-class mail privileges for the daily live-stock papers, and I want to congratulate this administration in knowing that there is a place for the daily live-stock paper.

The CHAIRMAN. Two points raised by Mr. Neff. It happens that I am charged with the administration of the United States cotton futures act, and I know from my experience in securing daily telegraphic quotations from the spot markets, which under the act we are required to secure, that it is a regular practice of the telegraph companies, and I want to say right in this connection that they are doing it to render a service. They may not be as expert as they should be, and they may need education and help, but they are doing it to render a service. They go about every day and get this information and transmit it with a view to rendering a service. We can readily understand that it can not be expertly handled by persons

who are not expert and are unacquainted with the cotton conditions, and I have no doubt that a similar condition arises here; but do not think that we ought to feel that they are not trying to perform a useful service. I think they are trying.

Another point with reference to the daily papers. In one of the large cities we are conducting what we call market survey work with fruits and vegetables, and one of my younger men, who had made a study of marketing difficulties and who is also expert in quoting for fruits and vegetables, took the market sheet and put the correct quotations, as nearly as they could be arrived at expertly, upon one of the market sheets and took it to the editor in chief of the paper, who was astonished that they should be printing such misinformation, and he promptly said: "If your office can furnish us with these correct quotations every day, we will be more than glad to print them." In other words, it is not an error of intention; possibly we may call it carelessness. They are really desirous of having the correct quotations, but they have not the machinery for supplying the correct quotations.

The next subject is that of stockyards. We have invited a number of the presidents and general managers of the various stockyards companies to be present, and we have asked a number of them if they would not present this introductory statement. Most of them were unable to come, but Mr. F. L. Eaton, of Sioux City, has promised to make a brief statement of the case from the stockyards standpoint.

STOCKYARDS.

Mr. EATON. Mr. Chairman, I am sorry to say that there was no opportunity for me to meet you, because I was very late. I have just barely gotten into the meeting. I do not know the trend of the discussion and am not in Chicago to say anything at this time. The stockyards simply furnish a place where business is done; they have nothing to do with prices or with the buying or selling of stock. They simply provide a place where the stock may be sold and handled. For ourselves we have no complaint to make; we try to do the best we can. There are occasional days when stuff comes in in a hurry and the best service can not be rendered, but all the time we are trying to give good service in the handling of the stock, and that is about all there is for a stockyards business. So, because I have not heard the trend of the meeting, I am forced to stop with just that bare statement that we have no complaint to bring forward.

The CHAIRMAN. I had hoped that you might elaborate a little on some of the subjects. This meeting is for frank and free discussions, and persons have complained against the stockyards, and my general opinion has been that the stockyards have their own peculiar kinds of troubles to which the other fellow does not give any attention. He sees his own problems so large that he fails to recognize that the man he is dealing with also has his troubles, and I hoped, for the information of the conference, that you might present some of the difficulties that your people have to meet in handling a big business.

Mr. EATON. For the reason that I mentioned, that I have not heard the talk, I am not prepared to make a statement of that sort,

but if anything later develops in the discussion on which I can throw any light I will be glad to do so.

Mr. BROOKS. Mr. W. H. Weeks, assistant general manager of the Kansas City Stock Yards Co., is present, and I would suggest that you ask him to make a few remarks upon that subject.

Mr. WEEKS. Mr. Chairman and gentlemen, as far as the Kansas City stockyards are concerned, a good many of our troubles have been eliminated in the last year, as all of those who are familiar with doing business in Kansas City probably know. We have had expensive plans under way to improve and enlarge our facilities. We have additional and better arranged scales and a good many new viaducts. Practically all of our trouble now is due to the excessive receipts on one day. The day we had 45,000 cattle we had 28,000 the balance of the week, and it runs nearly that bad all the fall of the year. Of course, that congests the railroads and congests us. If that could be eliminated and a better distribution obtained, a great many of the causes of complaint on the part of the shippers as to railroad service, commission-men service, and stockyards service would all be eliminated. Practically every day in the fall we have 30,000 to 35,000 in on Monday and 17,000 or 18,000 on Tuesday, and run about 10,000 the rest of the week. That is the cause of slow handling on the market and sometimes slow handling at the scales. When you have big receipts like that the market is slow. The salesmen have to work overtime; have to see a lot of buyers that don't want to take reduction in prices; and nobody sells at all until along toward noon, and then you have to weigh twenty-five or thirty thousand cattle in the afternoon. The drafts are running from 30 to 50 per cent lighter than formerly—that is, to weigh 35,000 cattle we are making 35 drafts—and it used to run about half that much. A good deal of the stuff is coming in in small lots. I do not know the cause of that. Our jack-pot sales are running less than two at this time of the year, and at no time over three. The sales that used to average 15 or 20 to the draft—that is, the true sales—are now running around 6 or 8. Sometimes they will vary in a day. On Monday the bunches run straight, and they will average 15; Tuesday they are all cut up; they are jack pots.

These are the difficulties that we have, and the only way that I can see that they can be eliminated would be to make a better distribution of the stuff.

The CHAIRMAN. We did not have a formal acceptance of our invitation from any of the members of the trading or speculative interests to present an introductory statement. As they are an essential part of the industry, as it is conducted, I had hoped that some one would present a statement in their behalf. This morning I met Mr. T. D. Watkins, of the National Stock Yards at St. Louis, and I wonder if he will not present a brief statement for us from that standpoint.

SPECULATORS AND TRADERS.

Mr. WATKINS. Mr. Chairman and gentlemen, I did not expect to be called upon.

The CHAIRMAN. That is absolutely true.

Mr. WATKINS. It seems from some of the talk here that the traders are not essential to the market. We take a different view. I do not

know that I can say anything without thinking over the different points. I came unprepared, and didn't know what the discussion was going to be.

The CHAIRMAN. I didn't realize that he would even be willing to prepare a statement. I would appreciate, Mr. Watkins, if you would think that over, for I believe it is a phase of the business which is deserving of a statement at the conference.

One of the large and important sections of the trade is that of the commission men. Mr. McClure, the president of the National Live Stock Exchange, has kindly consented to present a statement from that point of view.

COMMISSION FIRMS.

Mr. M. L. McClure. Mr. Chairman and gentlemen, I am not a public speaker, therefore I have written down about all that I want to say, for fear I would say too much and perhaps leave something unsaid that I should say. I hope that you will excuse me for doing that.

When Secretary Houston wrote the president of the National Live Stock Exchange of this proposed conference, and asked that the National Exchange participate, the president replied that the National Exchange was only a recommendatory and advisory organization, but that he would submit the matter to the several live-stock exchanges, and recommend that a delegate or several delegates be selected from each exchange to attend this conference.

Acting on that recommendation, many of the exchanges selected delegates, who are now here and are ready to discuss the subjects that may be presented to this body from the different angles, customs, and conditions as reflected by their widely divergent markets.

Mr. J. M. Doud, member of the Chicago Live Stock Exchange, will present to the conference a paper on "Discriminating freight rates." Mr. T. G. McCrosky, member of the Kansas City Live Stock Exchange, will present the subject of "Public competitive markets." Mr. W. B. Tagg, of Omaha, Nebr., member of the Live Stock Exchange, will present "Advantage of uniform shipping laws."

As the proceedings of this conference develop, other matters may be presented by some of our delegates, with, of course, the consent of the presiding officer.

Live-stock exchanges were a growth or evolution, of the call of commerce to facilitate and properly carry on the business, which the law could not and did not fully protect.

When public markets were first established, all sorts of men, with and without good reputations, with and without money, with and without honesty, engaged in the business, and it was everybody for himself and all was chaos, and it was soon found that an organization must be formed to protect the general public, and so the voluntary organization, the live-stock exchange, with no capital and not for profit, was formed.

One of the first things done was to provide a fair and equitable method for docking hogs. Then followed rules governing trading in the yards, to weed out the undesirable and crooked dealers, the establishing of safe methods for collecting for stock sold, and a great many other things not necessary to mention.

The effect of these principles put into force has been wonderful and challenges any other business or commercial organizations to show as good results. Over a billion dollars of live-stock proceeds annually are accounted for by members of live-stock exchanges, without loss to patrons—all this without restricting the free and open markets. Any man can buy or sell his own stock who wishes to do so in these open markets.

At this time there are some unsatisfactory conditions surrounding the feeding and marketing of live stock. Complaint is made that feeders are losing money. Some of the causes of some of these unsatisfactory conditions will be presented and discussed here. Whatever the discussion leads to and whatever unsatisfactory conditions are found, we believe the reasons for them will have to be looked for elsewhere than from a neglect of duty that the members of the live-stock exchanges owe their patrons.

We, as is well known, occupy a peculiar position in this business of marketing live stock. We are the buffer between our patrons, who give us our business, and all service corporations transporting the stock and caring for it, and the purchaser, the buyer on the yards; a delicate situation, requiring wisdom. To aggravate the little unsatisfactory conditions by nagging and complaining continually could provoke retaliation and put in jeopardy good results for our customers.

But, we believe, when the records and the history of markets are studied, in all real contests it will be found that the live-stock exchanges stood boldly and courageously for the interests of their patrons and the good of the general public.

Another thing I want to speak about, and I can do that without embarrassment, as I am in another department of this business, and that is in regard to the real salesmen on the yards. The selling of live stock on the market is now a technical matter, requiring acute men of experience to grade, classify, and go up against the best buying experts in the world; this, with the other required qualifications, has built up an organization and a set of men hard to equal in any other line of business.

The obstacles presented to the live-stock exchanges are different at each market, and as matters come up for discussion those present from these divergent markets will speak for themselves. All of the troubles and difficulties of the producer and feeder also belong to our members for two reason: First, that the producers and the feeders are close to us, they are our friends who furnish us the business, and our interests are theirs, as they are prosperous we are prosperous. Second, most members of the live-stock exchanges, while being engaged in the selling of live stock for others are also directly engaged in raising or feeding stock as well. Our business is not one of great profit. Of the hundreds who have engaged in the business, those who have made fortunes in it can be counted on your 10 fingers. As aptly said by a man in an article in the National Stock Yards Reporter:

Every other line of industry—even the chewing gum, match, and peanut trades—has its millionaires, but no live-stock commission man, that we know of, has as yet ever made his million out of commissions alone. He is glad enough to “get by” with a fair living.

As we see it in the cattle business something is out of joint. In communities where cattle are raised and grown the present prosperity has never been equaled. In the communities where cattle are fed there has been no increase of wealth in the past few years; I rather think a decrease. To get this adjusted is the problem.

In the matter of marketing live stock I will say this, most of the live-stock exchanges have rules against a commission man acting in the dual capacity of buyer and seller for stock consigned to himself. There are some markets that do not have that rule, but at all the larger markets that is the rule now. I can also say that the live-stock exchanges will indorse, and will stand back of, any effort that is made to give us a five-day market instead of a two-day market in a week. We will be ready to cooperate in any efforts along that line. It will certainly be a benefit to the live-stock men, as well as to the producers and the railroads and stockyards companies.

For beneficial legislation, State and National, we have lent a helping hand, and I now pledge the support of the live-stock exchanges to all matters that will benefit the business, that will procure adequate profits for the raisers and feeders, and yet keep prices for the meat products so that the public can continue to use them for food.

The CHAIRMAN. We will have several statements yet, but it is getting along toward lunch time. I think we will try to cover one or two more before we adjourn the morning session. Quite a number of the representatives of the loan companies promised to be present, and several have been asked to make some statement of their problems. I had hoped that Mr. Wirt Wright would be here this morning, but I understand that he has not been able to come. Mr. George R. Collett, vice president and general manager of the Kansas City stockyards, will be here to-morrow. It occurred to me that in the regular order of procedure some one of the gentlemen representing that interest might be willing to speak. I hesitate to call upon persons who have not had an opportunity to prepare, but it occurs to me that Mr. Albert Newman, vice president of the Drovers' National Bank and the Drovers' Cattle Loan Co., at Kansas City, might make a statement on that subject.

LOAN COMPANIES.

Mr. NEWMAN. I did not come here to make a statement. I came here to learn what complaints or suggestions the cattlemen might have. The loan companies naturally have it in their own power to handle loans in proper form or not to make them, and the grievances would have to come from the other side. We do not make a loan if it doesn't suit us, but they all seem to be getting financed without any trouble, and I don't presume any discussion I could make on that subject would be of any interest to them.

The CHAIRMAN. What problems that you have to meet would it be helpful for the producing interests to understand?

Mr. NEWMAN. Our greatest trouble is the cattleman that desires more money than his financial standing will warrant. I guess the older cattlemen will agree with me that a great many young men have gone into the cattle business when a few years ago their whole financial wealth would aggregate five or ten thousand dollars.

It is nothing for some of those men to come in now and ask for \$100,000 or \$150,000. They all seem to be getting financed some way, but the cattleman, the substantial cattleman, the man who is familiar with his business, has no trouble in borrowing all the money he is justified in borrowing. In fact he is able to borrow more than he ought to get. Take the sheep industry. I will agree with them that the western sheepman on the range has had considerable difficulty in financing his paper, but that is on account of the eastern people who buy this paper being uneducated as to the class of paper. It is an education to get the eastern banks to buy paper of that nature. It is the same as it was with cattle paper when it was first started, but I understand they are overcoming that now. A number of eastern banks are handling a good deal of sheep paper there through the Wool Growers' Association.

I can not see, Mr. Chairman, where we could present anything that would be of interest to this gathering. Other questions may come up later.

The CHAIRMAN. I have no doubt that other questions will be raised where it will be possible for you to give some light.

We still have two of the general statements, but I believe I will defer those until after the lunch hour in order that we may give them better attention. Some of you possibly have made engagements, and we will make it possible for you to keep them. I think we ought to reconvene at 2 o'clock and keep right at it.

(Adjournment of morning session.)

AFTERNOON SESSION.

NOVEMBER 15, 1915.

(Called to order by chairman at 2.15 p. m.)

The CHAIRMAN. Some of our friends have called my attention to the charts on the wall, and I gather that they are under the impression that the charts are a part of the presentation of the department. That is not the case. Some of the gentlemen who are going to speak this afternoon wish to use these charts in connection with their remarks. I have not had an opportunity to read them, as a matter of fact. I am neutral, we are all neutral, and I feel sure the gentlemen who are going to use the charts will address themselves to them in that spirit. I do not think we ought to have any feeling or misunderstanding about it.

Among the other associations represented is the Corn-Belt Meat Producers' Association, which is largely an organization of Iowa producers. We will ask Mr. H. C. Wallace, the secretary of that association, to speak in its behalf. I am glad to introduce Mr. Wallace to the conference.

THE PRODUCERS' ASSOCIATION.

Mr. WALLACE. Mr. Chairman and gentlemen, I did not come with any prepared statement. I think, however, if you would ask any Iowa man who is in touch with live-stock conditions to make a statement before a gathering of this kind he would be very glad to do it and would not need any extended preparation if he had lived in Iowa very long.

Your chairman said the sentiment of the discussion is friendliness. Now, Mr. Chairman, we in Iowa are willing to keep friendly, but we feel if anything is to come out of this conference it is the place to state grievances, and that is what we propose to do. I am going to tell you just a few of the things concerning which the Iowa stockman, and especially the Iowa feeder, thinks he has a right to complain of.

We feel that conditions there can be greatly improved toward economical marketing. We think there are traders there and speculators taking too much out of us. We recognize that they have in a way a legitimate place. We think they have abused their opportunities. We think they take advantage of the feeder, the buyer, and, to some extent, an advantage of the men from whom they buy. We think the commission man works largely with the speculator in those markets. We think that a feeder who goes to the Kansas City or Omaha or Sioux City market and undertakes to buy feeding cattle direct from the commission man will pay that commission man more than the speculator will pay if he does not have his pens filled up at that time. In other words, the shipper does not have an even chance with the commission man unless the speculator is loaded up.

Another thing we complain of is the railroads—somewhat of the service; not so much of that. Now, on the main lines that reach here it is their constant effort to increase their rates. We have fought that out time and again from Iowa points to Chicago. We have tried the case out before the Interstate Commerce Commission. We have decisions from that commission saying that the rates are fair and reasonable, and yet we have to maintain ourselves in a state of preparedness to defend ourselves against constant increases in rates. We tried out only this spring in the Western Advance Rate case the live-stock rates. The commission held they were reasonable and fair. Five years ago we tried out the rates from Iowa to Chicago. We got a decision of the commission, which was acquiesced in two or three years, and then an effort was made to increase them again. We complain bitterly against having to keep in a constant state of warfare. We want them to let us alone on that. We want them to let these rates alone for a while. That is the second reason of our complaint.

We complain of the conditions at the Chicago market with regard to the terminal railroads. Stock is being held there—has been held there during this summer for from 5 to 14 hours, and I think in one case 16 hours, getting through this terminal railroad. That is a condition which is intolerable. We recognize a part of that is due to the foot-and-mouth trouble, but we contend that that condition should be remedied. We contend that the Government should take hold of that if necessary. Hogs were held in trains there between other trains and next to large buildings, and in one case I think 30 hogs were dead in one car. Something should be done to remedy that condition.

We complain of the commission merchants to some extent. There are too many of them. While we recognize that the live-stock exchange has served a useful purpose, yet it is like a labor union. It places no bar on the increase in the number of commission firms, and after you get a few additional ones the rates must go up. It seems

to us that something should be done in that respect. In Chicago, especially, the commission merchants have been parties to certain conditions in handling diseased stock which has resulted in robbing the men who send in this stock. We refer to the lumpy jaws, and to some extent the dead hogs.

I have given you briefly some of the points of which we complain. There are practical shippers here from Iowa who will take up some of those points if they have opportunity in the latter part of the discussion. We are friendly folks out there; but if this meeting is going to amount to anything so far as we are concerned, some of these things must be fought out. We want those things to have some attention.

With regard to the packer, we feel just as Mr. Tomlinson has said, and as Mr. de Ricqles has said on another occasion, that the packer is now occupying a position in this country which is tremendously dangerous to the producer, the consumer, and the country at large. If you will take the prices of live stock over a series of years, taking into consideration the cost of producing that live stock, based on the cost of corn, you will find that the prices of live stock average about as they ought to average. We have contended that for 20 years, and yet when you put on that plat the daily and weekly fluctuations you have a condition there which is wrong and absolutely without excuse. The packer, through his position as a buyer and a killer, combined with his position as a speculator in grain products and as a speculator in meat products, simply has such a grip on this whole situation that if it can be broken will take the united efforts of all other interests. We regard that as highly dangerous to the Government. We would like to have these points receive attention at this meeting. We feel that they are the vital things.

I might add with reference to the market papers that I think Mr. Neff is correct when he says that the market papers make correct quotations, but as shippers we know that the market papers are largely dependent for their circulation on the commission firms, and we know that whenever there is a conflict of interest between the commission firm and the shipper the market paper is unreliable so far as we are concerned. We are not blaming them, but that is a fact. Whenever there is a conflict the live-stock market paper takes the side of the commission merchant and the stock-yards interest.

The CHAIRMAN. I think we can speak frankly and still be friendly. I do not feel in the least that the fact that Mr. Wallace is specific is in any sense unfriendly, and we shall ask the other interests to give their point of view on these same problems, and trust that some of the difficulties may find some explanation or some constructive suggestions for improvement.

Among the large associations that were invited to attend is the American Meat Packers' Association. In addition to the presentation which Mr. McCarthy is to give, which I am sure will be comprehensive and able, I hope that some of their other men may be present with us. I am sure we will find in Mr. McCarthy an able exponent of their point of view on some of these problems. I know from personal talks with Mr. McCarthy that there is some explanation for a great many of these things, and it is a pleasure to have him here to present the interests of that branch of the trade. I am glad to introduce Mr. McCarthy.

THE PACKING PLANTS.

Mr. McCARTHY. First I want to thank you, and through you the Secretary of Agriculture, for the opportunity of being one of the conference here, and I want to thank you for the friendly spirit in which it has been called. I believe there is an opportunity for doing great good here, and I have been more than pleased to see the recognition of the fact among ourselves here that though we may have problems, one against the other sometimes, we all realize that there is an interdependence between us. What hurts one hurts another and what helps one helps another. Whether you take the live-stock end of it, the transportation end of it, the packing-house end of it, or the retail-butchers' end of it, there is a certain interdependence going all through it. We don't get anywhere, any of us, by being antagonistic, and I am very glad to see that the United States Government has finally realized that we may look at our problems in a friendly spirit.

So far as making a formal statement is concerned, from the packer's standpoint, I can say to you frankly, Mr. Chairman, that it was our desire to do so, but the preliminary announcements and the invitation that we received to attend this conference did not mention any specific packing-house problems to which we could address ourselves. The packing-house business to-day, gentlemen, is one which is highly departmentalized. We did not know what you wanted to discuss, and therefore we did not know what character of representatives to bring here. We did not know whether you were going to discuss railroad problems, or buying problems, or distributing problems to the butchers, and so on, so that we are not prepared to make a formal opening statement as some of you have done who have come here with a knowledge of what you were going to talk about. But the gentlemen here are glad to be here.

As the conference progresses, and as questions arise, if necessary, we will be very glad, indeed, to make a statement or to furnish you any information you may desire, but we can not make a specific statement of our troubles, because we do not know what they are as outlined by your invitation. We are glad to be with you, and as the matters develop we will try to discuss them intelligently. We are glad, indeed, to be here and to take part in the discussions.

The CHAIRMAN. We thought it important to have the retail trade represented as well as the other interests. The ex-president and the secretary of the United Master Butchers of America are present, and the secretary of that organization will make a statement in its behalf. I am pleased to introduce Mr. John A. Kotal, the secretary.

THE RETAIL TRADE.

Mr. KOTAL. Mr. Chairman and gentlemen, appearing as we do in behalf of the United Master Butchers of America, which in turn is representative of associations and organizations of business men throughout the United States from the Atlantic to the Pacific, and from the Gulf of Mexico to Canada, I wish to state that we appreciate the movement of the Department of Agriculture and Secretary Houston in having Mr. Brand take charge of this conference wherein the business men in our capacity may have a chance to put forth in

this conference the problems which pertain to us. I had a voluminous report made out, but on hearing the numerous organizations and interests that would be represented we have condensed this, which I will read, and reserve the right to explain any of it later as time may permit. We herewith present a summary of the essential problems of the retail meat dealers and the public at large.

For beneficial legislation we recommend:

(1) The conservation of live stock and meat-food products in the United States:

(a) By the conservation of the calves limit of weight, and age at slaughter.

(b) The enormous importation of meats from foreign countries at this time makes it essential that our Government watch our national meat and provision supplies, that prices are not raised abnormally through a national shortage.

(2) The propagation of the live stock of the United States.

(a) That the Secretary of Agriculture be authorized to encourage the raising of live stock, and that an appropriation of \$2,000,000 be made to be used in assisting poor people to buy live stock, all stock so bought to be under the supervision of the Agricultural Department until the money is paid back to the Government, and that laws be enacted which will give United States veterinary inspectors the authority to go into any State and inspect live stock.

(3) That the Constitution of the United States be amended so that the President will have the authority to regulate the exportation of food or other articles deemed a necessity to the people of this country.

(4) That a proper net weight law be enacted, specifying in exact plain words and figures that any article sold by weight and wrapped must be sold for absolute net weight only, the net weight to be marked plainly on each container.

(5) That a Federal cold storage law be enacted so that uniformity in all States can be arrived at, cold storage and canned goods being labeled and dated with a specific time limit.

(6) That we have reason to believe that there is a discrimination in prices contrary to the Sherman law and we recommend an investigation.

(7) That the tax on oleomargarine be removed and allow it to be colored the same as butter.

(8) That the Bureau of Animal Industry be requested to compel the removal of haslets or plucks from sheep, lambs, or calves before leaving the killing beds, owing to its being unsanitary.

(9) Service and expense of retail markets.

(10) That a Federal law be enacted imposing a tax on all books of 1,000 trading stamps, mileage, or scrip coupons, profit-sharing devices, or any other article to be given as a premium, the value of each trading stamp, etc., to be based on a 10-cent purchase of merchandise.

(11) We are of the opinion that the relative values charged to the retailers of cut meats, especially in pork, are out of proportion to the cost of live hogs.

(12) Whereas, the words "U. S. Inspected" are being used and the good name of the United States of America abused, be it

Resolved, That the use of these words by individuals or firms be stopped by Federal authorities.

JOHN T. RUSSELL,
Ex-President;
CHARLES G. DIEBEL,
J. A. BAYLESS,
JOHN A. KOTAL,
Committee.

DISCUSSION.

Mr. KOTAL. In the past years it appears that we have had a shortage of meat, whether it be due to our immense exports or what the condition may be. But not knowing the talent that would appear here from other interests as to the live-stock conditions we have embodied in these recommendations some which possibly have been explained.

It appears that in many instances when cattle are killed at the yards the high cost is attributed to the number of "condemns." The

retailer in the course of time must pay for them, and we in turn make the public pay for them. We feel if this live stock were inspected before it comes into the yards that excuse would not be handed to us.

It appears that in California the local organizations are taking up the net-weight question with the local attorneys. In New York by the time bacon and hams are wrapped with two or three sheets of paper, in the course of a year that may amount to \$300,000. If the Department of Agriculture recommends that the ham or bacon wrapped in paper is proper we are the loser. We are opposed to it being wrapped that way and called a package.

Mr. DE RICQLES. What was the result of that case in New York?

Mr. KOTAL. I intended to bring copies of the evidence, but was not able to get the facts from the New York secretary here to-day.

I have chosen as my subject—and I have written Mr. Brand in advance, when the time comes that we may talk on the respective subjects which our committee is prepared to do—cold storage and canned goods. We believe that cold storage is the most excellent price regulator that one can use, for the simple reason that goods may be put in storage and held there until wanted. At the time of the European war in August, 1914, we noticed an unquestionable rise in pork. Pork loins took a jump of approximately 10 or 12 cents a pound. For a period of four or five days we could get only frozen loins. We feel that that is unfair competition, to force a man to purchase frozen products when the fresh are at hand. During the holiday period from Thanksgiving until Christmas, 1913, we had a spell of hot weather. Shippers from the country were shipping in enormous supplies of poultry for the holiday trade and, seeing the condition of this meat, which was practically spoiled from the animal heat before it came over South Water Street and unfit for human consumption, I believe, we called a meeting. I was instructed to write to the health commissioner to have these products condemned before they reached the public, or before we should get the supplies and have them condemned on our hands. I state this because we are asking the Government in its annual budget to provide for a sufficient number of Government inspectors on all food commodities, because we believe State or local inspection can not cope with the situation. I wrote to our health commissioner stating the facts as they existed at the time. In reply I received a letter from Dr. G. B. Young, commissioner of health of the city of Chicago, dated December 22, 1913, which reads as follows:

Mr. JOHN A. KOTAL,
Secretary United Master Butchers,
5323 South Halsted Street, Chicago.

DEAR SIR: Your letter of the 18th instant, transmitting resolutions adopted at a recent meeting of your organization, duly to hand.

The means at the disposal of the department make it absolutely impossible for us to make any inspection of the goods entering cold storage or drawn therefrom.

When the cold-storage ordinance passed I formally laid the matter before the council, and explained it would be impossible for the department to enforce the ordinance without a large increase in the number of its inspectors.

We are fully advised as to the condition to which you refer in regard to South Water Street and the other markets, and immediately before Thanksgiving we condemned and destroyed large quantities of food shipped into the city and spoiled en route, and expect, of course, to continue the same policy for the coming Christmas holidays.

Respectfully,

G. B. YOUNG, *Commissioner of Health.*

That is why we appear in these days of rapid transit with not a Federal law on cold storage and canned goods. The consumer points his finger to the retailer as being the cause of the high costs, and to be frank with you, I wish to say that 15 years ago our fathers admonished us to follow up the line of business they had been in. But to-day had I a dozen sons I would say: "My dear boy, choose some other than a retail meat dealer's vocation."

For years we were unable to see how an 8-cent hog would give you 18-cent bacon, when some 12 years ago a 4-cent hog would permit us to sell pork chops at 9 cents a pound.

We feel that no corporation should be so large that they can control more than a small per cent of a product. In justice to all, we feel that the kidney fat in excess of a reasonable amount should be removed from a carcass. When we were paying 6, 7, and 8 cents a pound for dressed cattle for our retail trade we were paid practically the same for our waste matter; that is, suet fat and bones, which we waste under our counters, the same amount as we have been paid for the past 8 or 10 years out of cattle that stood us from 10 cents up to 13 and 14 cents.

Mr. Chairman, that is all I have to offer in behalf of our organizations.

The CHAIRMAN. There are a few more rather general statements I thought we would have presented now before we proceed with the general discussion. We will first call upon Mr. de Ricqles, of Colorado, who comes in his capacity as a member of the American National Live Stock Association, and also as the representative of the governor of Colorado at this conference. Mr. de Ricqles, likewise, is engaged in the live stock loan business, but I am going to ask him not to discuss that at any great length at this time, but develop that later.

MARKETING LIVE STOCK.

Mr. DE RICQLES. Mr. Chairman and gentlemen, live stock is the largest single industry in the United States, and reports show its value to be about six and a half billion dollars. So when we approach this question of live-stock markets, we are considering something that concerns both the welfare and happiness of a very large population.

Before taking up details, it is desirable for the benefit of those who are not familiar with the subject to touch briefly on what composes a live-stock market. The elements that make up such a market are about as follows:

First. The stock yards proper, which is a place offering facilities to load or unload, rest, feed, water, sort, sell and weigh live stock of all classes. The stockyards company owns the pens, scales, exchange buildings, water supply and other conveniences necessary within the yard, and frequently the track, switches and terminal facilities used for delivering the live stock to the yards, and in loading and unloading the same.

Other features that these markets include are the packing houses, rendering works, refrigerator plants, etc. Also the banks, cattle, loan companies, commission companies, railway agents, Federal and State sanitary inspectors, brand inspectors, also a variety of buyers, speculators, etc. These markets are open six days of the week, although there is very little business done on Saturday.

The principal markets at this time are located at Chicago, Kansas City, Omaha, St. Louis, St. Joseph, Sioux City, Fort Worth, Oklahoma City, Wichita, Denver, St. Paul, and some other smaller markets. The first five, however, are the most important, and more or less dominate the others.

The markets serve practically the entire United States, and the prices established there control the prices of live stock throughout the United States; and Chicago, in the past and at this time, largely establishes the prices for all of them. This price matter will be touched on later.

As this is such a very big question, I shall confine most of my remarks to the cattle, so as not to take up too much time or try to cover too much ground. What I may say about hogs is simply incidental, and in connection with cattle. Sheep will be referred to by others.

Those who have studied this question believe that during the year 1915 the price of live stock, on account of the European war, should have been very much higher than during the year 1914, and higher than it actually is. They also believe the reason prices were not higher was because they were kept down by artificial means. If this is true, it is quite important to know what has been the cause, and as the making of prices is the most important feature of a market, I will devote some time to this side of the question.

I have prepared herewith a little table showing the receipts of cattle and hogs for the first 10 months of the past 5 years, including 1915, for Chicago, Kansas City, Omaha, St. Louis, St. Joseph, and Sioux City. These figures are as follows:

Year.	Cattle.	Hogs.
1915.....	5,844,000	14,690,000
1914.....	5,614,000	13,258,000
1913.....	6,366,000	15,175,000
1912.....	6,365,000	15,751,000
1911.....	7,071,000	15,496,000

From this statement you will note that while the receipts of cattle were 230,000 more during 1915 than during 1914, they were very much less than during 1913 or previous years for the same period. The same can be said of hogs.

For your further information, I am submitting the average prices per pound of native beef steers, fat cows and heifers, and hogs, for months up to and including October for 1915, with a comparison of 1914. These prices are as nearly correct as possible, and are the figures used by the market papers in their daily quotations, secured from actual sales:

	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Average.
Native beef steers (Chicago):											
1915.....	7.90	7.60	7.65	7.80	8.40	8.85	9.30	9.00	9.05	8.65	8.12
1914.....	8.50	8.50	8.50	8.40	8.55	8.60	9.15	9.30	9.35	9.10	8.79
Fat cows and heifers:											
1915.....	5.80	5.70	5.60	6.20	6.70	6.85	6.40	6.35	5.85	5.80	6.12
1914.....	6.40	6.45	6.50	6.65	7.05	6.70	6.70	6.80	6.60	6.45	6.63
Hogs (no pigs):											
1915.....	6.85	6.75	6.75	7.25	7.60	7.60	7.20	6.85	7.25	7.85	7.19
1914.....	8.30	8.60	8.70	8.65	8.40	8.20	8.80	8.90	8.80	7.55	8.49

You will see that the average of beef steers, fat cows, and hogs are less than last year.

Mr. McCARTHY. Might we know how you arrived at these average prices?

Mr. DE RICQLES. From the market papers. They are published every month on the different classes of meats. The Chicago Drovers' Journal, the Chicago Live Stock World, and that distinguished paper of which you are the editor in New York, which we all love so much.

Furthermore, one of the most unusual situations is the extreme range of prices paid for live stock at this time as compared with other years. For example, in Chicago the extreme range for cattle for the first week of October, 1915, as compared with other years, was as follows:

Year.	Range.	Variation.
1915.....	\$4.65-\$10.35	\$5.70
1914.....	6.25- 10.90	4.65
1913.....	6.75- 9.85	3.10

So that you may realize the present outlet for beef and pork products during the nine months ending September 30, 1915, there was exported from the United States 266,551,702 pounds more beef than during the same period for 1914. This enormous amount is equivalent to about 533,000 head of cattle. So you see from this it would absorb the increase of 230,000 head shown above, and leave an actual decrease of 303,000 cattle, as compared with 1914. In addition to this exportation of beef and its products, the exportation of pork products, etc., during the same period, as compared with last year, increased 400,804,000 pounds. For your convenience and consideration I have prepared two tables, and they are given here-with:

BEEF.

	1915	1914
Canned.....	Pounds. 61,016,625	Pounds. 7,707,834
Fresh.....	207,255,532	11,707,893
Pickled.....	35,032,726	17,337,454
	303,304,883	36,753,181

Increase 1915 over 1914, 266,551,702 pounds (533,000 cattle).

PORK PRODUCTS.

	1915	1914
Bacon.....	Pounds. 368,308,000	Pounds. 129,727,000
Hams and shoulders.....	207,308,000	110,720,000
Lard.....	344,263,000	308,804,000
Pickled pork.....	48,261,000	30,256,000
Lard compounds.....	49,797,000	38,126,000
	1,018,437,000	617,633,000

Increase 1915 over 1914, 400,804,000 pounds.

We find the industrial situation in the United States stimulated, and activity in manufacturing centers, and a demand for all classes

of meat products, particularly beef and pork. This is so evident that it needs no presentation of proof. Then we believe that the increase in population of the United States in the last five years, and the decrease in supply of available cattle, should have some effect on the price, as well as the decrease in importation of live stock from both Mexico and Canada, and the almost entire stopping of meat imports from both Australia and South America, those two countries sending almost their entire product to Europe.

With these features before us the normal situation would be to find higher prices for cattle than during 1914.

As a matter of fact, most of the feeders of cattle that have marketed their product during 1915 have had one of the most disastrous experiences in the history of the industry. For your information I have secured a statement, and present the same, which is the experience of 56 Iowa farmers, all small feeders, who marketed cattle last winter. Their statements were sworn to and were prepared for use in a rate-case hearing before the Interstate Commerce Commission. Of these 56 feeders 53 of them lost money and 3 of them made money. The total number of cattle fed was 2,025, an average of something over 36 head per person. The 3 men who made a profit gained \$667.78 on 137 cattle. The other 53 lost an average of \$19.32 per head on their operations. This statement is a fair example of the experience of cattle feeders during the first six months of this year. So as not to become tedious I will omit further statements in regard to experience of feeders, etc.

Summary of sworn statements showing losses and gains by representative Iowa feeders of cattle during the winter season of 1914-15.

[The expense of labor has not been included.]

Sheet No.	Name of feeder.	Location.	Number of head fed.	Amount.	Average per head.
<i>Loss.</i>					
1	E. Licherknecht.	Letts, Iowa.	62	\$1,114.07	\$17.97
2	F. L. McMillian.	Ruthven, Iowa.	19	119.92	6.31
3	S. F. Philp.	Hudson, Iowa.	37	557.49	15.06
4	Morton Schuchart.	Osage, Iowa.	62	972.37	15.68
5	F. E. Hann.	Marion, Iowa.	20	12.32	.61
6	G. W. Baskerville.	Jolley, Iowa.	61	1,254.62	20.56
7	J. T. Stillinger.	Villisca, Iowa.	20	489.31	24.46
8	Tos. Cochran.	Earlham, Iowa.	103	2,321.19	22.53
9	Stuart Baxter.	Battle Creek, Iowa.	25	560.99	22.43
10	Burr Wolfe.	Tiffin, Iowa.	58	2,255.12	38.88
11	E. H. Weed.	Charter Oak, Iowa.	54	493.00	9.12
12	A. L. McGinnis.	Coin, Iowa.	40	346.20	8.65
13	F. O. Carlson.	Dunlap, Iowa.	35	944.24	26.97
14	Wallace Farquhar.	Braddyville, Iowa.	40	722.75	18.06
15	Adam Greenlee.	North English, Iowa.	26	1,324.24	50.93
16	G. L. Timm.	Treynor, Iowa.	19	257.72	13.56
17	C. L. Kirkwood.	Guthrie Center, Iowa.	20	604.40	30.22
18	B. G. De Louce.	Moorhead, Iowa.	26	769.11	29.58
19	John C. Nystrup.	Harlan, Iowa.	24	260.80	10.85
20	Chas. Winkler.	Hamburg, Iowa.	36	940.00	26.11
21	Ben Eyre.	Macedonia, Iowa.	40	495.25	12.38
22	F. M. Brazelton.	Malvern, Iowa.	18	337.89	18.77
23	S. H. Flood.	Council Bluffs, Iowa.	22	186.05	8.45
24	J. L. Scharnberg.	Everly, Iowa.	19	52.83	2.78
25	C. A. Paulus.	Iowa City, Iowa.	40	1,332.80	34.42
26	O. B. Olson.	Huxley, Iowa.	20	791.40	39.57
27	Chris Eggers.	State Center, Iowa.	18	310.35	17.24
28	Henry J. Witt.	Melbourne, Iowa.	39	1,189.98	31.02
29	S. F. Rhoades.	Randolph, Iowa.	21	457.89	21.80
30	Marcus Lange.	Wall Lake, Iowa.	36	815.26	22.64
31	Chris L. Stock.	Lake View, Iowa.	19	285.85	15.04
32	Chas. W. Firth.	Wall Lake, Iowa.	37	703.44	19.01
33	Chas. Mauer.	Lake View, Iowa.	40	868.33	21.70
34	C. W. Albrecht.	Wall Lake, Iowa.	19	274.93	14.47

Summary of sworn statements showing losses and gains by representative Iowa feeders of cattle during the winter season of 1914-15—Continued.

Sheet No.	Name of feeder.	Location.	Number of head fed.	Amount.	Average per head.
35	W. H. McWilliams.....	Odebolt, Iowa.....	65	<i>Loss.</i> \$1,119.19	\$18.75
36	John A. Flook.....	Grimmell, Iowa.....	32	872.66	27.27
37	J. C. Coffman.....	Wichita, Iowa.....	38	975.10	25.66
38	E. H. Vankirk.....	Silver City, Iowa.....	48	1,354.73	28.22
39	L. B. Gamble.....	Coin, Iowa.....	38	1,111.33	29.24
40	M. C. Tadsen.....	Wall Lake, Iowa.....	17	617.02	36.29
41	Chris Lenz.....	Early, Iowa.....	20	317.82	15.89
42	Louis Hobt.....	Sac County, Iowa.....	67	1,009.34	15.06
43	Fred E. Reed.....	Shemandoah, Iowa.....	19	174.45	9.18
44	John H. Roll.....	Coin, Iowa.....	20	917.11	45.85
45	S. J. Gray.....	Rhodes, Iowa.....	18	180.86	8.93
46	O. J. Eastman.....	State Center, Iowa.....	18	195.56	10.86
47	J. H. Pettit.....	Dunlap, Iowa.....	53	1,229.30	23.19
48	J. L. Jones.....	Norwalk, Iowa.....	17	683.00	40.18
49	Alvin Hess.....	Harlan, Iowa.....	32	384.06	12.00
50	L. E. Tarr.....	Norwalk, Iowa.....	60	1,362.54	22.70
51	D. A. Osler.....	Carson, Iowa.....	40	1,251.06	31.27
52	D. C. Forde.....	Logan, Iowa.....	59	921.66	15.62
53	Ralph Sherman.....	Greenville, Iowa.....	19	337.10	17.74
			1,855	39,416.00	21.25
54	Mike McKey.....	Hanson, Iowa.....	17	<i>Profit.</i> \$90.40	\$5.31
55	Clark Everts.....	Wayland, Iowa.....	20	38.11	1.95
56	Chas. Lundell.....	Masonville, Iowa.....	100	349.00	3.49
			137	477.51	3.48

Those of us who have been giving this matter careful thought have come to the conclusion that something must be radically wrong to produce conditions such as have been shown. It seems that the law of supply and demand has been in some way reversed, for it is not effective, nor does it seem to control when the matter of price of live stock is concerned. It is largely this situation that has caused this investigation.

The first thing that one meets in looking into this subject is the fact that the ownership of practically all the stockyard companies, all the big packing houses, the cattle loan companies, stockyard banks, rendering works, and similar institutions found at stockyards, are owned and controlled by four or five individuals; and as these stockyards are what establish the price of live stock in the United States, it follows quite naturally that these few individuals who own these institutions are in position to control. For a number of years these individuals—and it is no harm to mention their names, for they are so familiar to all of us that they come into our minds immediately, namely, Armour, Swift, Morris, Cudahy—were satisfied with the packing-house business and limited their operations to slaughtering and selling meat animals and their products; however, within the past dozen years they have been acquiring the stockyard companies, establishing cattle loan companies, and other market enterprises that, as a matter of fact, are distinct and separate from the slaughtering business. They own stockyards at Kansas City, South Omaha, East St. Louis, St. Joseph, Sioux City, St. Paul, Oklahoma, Fort Worth, Portland, and Denver.

It seems reasonable that the company buying your product on the open market should not be the owner of the facilities you use to pre-

pare the same for its purchase; or that the man who sells your product should not be indebted and under obligations to the man who buys it; or that a stockman who borrows money should not borrow money for feeding from the man he must sell to.

For controlling prices and increasing the power of price making, the ownership of a stockyards by a packing house is one of the most complete means. For example, a live-stock commission firm established at a stockyards rents its office from the stockyards company, has its pens allotted to it by the stockyards company, and all the little services necessary for the live stock that such a commission firm may sell has to be done by the stockyards company. That is the province of the company; however, if the yard company fails to do these things in a good and workmanlike manner and is careless and does not keep its pens clean or its offices in good condition, or fails to furnish good hay or enough men to yard the cattle or is dilatory, in event of such a yard company being owned by some outside interest the commission company can go and demand from such a yard company the immediate correction of such poor service and abuses, and is listened to. But if the owners of the yard company are the same people who buy the cattle every day from the commission company and who finance the commission firm through a cattle-loan company or bank, the situation becomes very different, for the commission merchant must be on good terms with the people who buy from him, and he fears if he is not friendly with them that they may discriminate against him. So he hesitates to object when things do not go just as they should, and is therefore not such a good salesman for his customer, nor is he able to do so much for him as if he was unhampered and free to go to the stockyards manager and ask for improvement in service and otherwise. This is just an explanation of one situation that to-day exists at most of the markets in the United States, and it is realized not only by the commission men and buyers in the yards, but it is understood by the stockmen, and it is becoming intolerable.

What has been said about the ownership of the stockyards companies by the people who buy the live stock is also true of the cattle loan companies—that it is a detriment to the shipper for the people who buy the cattle to own these loaning concerns that largely finance the live-stock business of this western country, and can control credit, or influence the movement of live stock to the market.

I have prepared herewith and present for your consideration a table showing the cattle loan companies in this western country that are owned and controlled by the packing-house interests:

City.	Name of company.	Reported capital.	Reported amount loaned.
Chicago.....	Chicago Cattle Loan Co.....	\$100,000	\$2,000,000
Do.....	Drovers Cattle Loan Co.....	50,000	1,800,000
Kansas City.....	Stockyards Loan Co.....	200,000	3,300,000
South Omaha.....	Cattle Feeders Loan Co.....	150,000	3,500,000
East St. Louis.....	National Cattle Loan Co.....	200,000	2,500,000
St. Joseph.....	St. Joseph Cattle Loan Co.....	200,000	2,500,000
Sioux City.....	Sioux City Cattle Loan Co.....	50,000	1,200,000
St. Paul.....	St. Paul Cattle Loan Co.....	300,000	2,300,000
Oklahoma.....	Oklahoma Cattle Loan Co.....	25,000	330,000
Fort Worth.....	Fort Worth Cattle Loan Co.....	100,000	1,500,000
Portland.....	Portland Cattle Loan Co.....	100,000	3,000,000
Denver.....	Denver Cattle Loan Co.....	100,000	5,000,000

This statement is prepared from reports that are sent out without reserve by these companies in connection with the scale of their paper. You will see from it that the cattle loan field has practically been covered. These companies are owned by the packers.

I shall conclude this argument by saying that undoubtedly the fact of these few men controlling these many features of the market has enabled them to hold prices on a basis satisfactory to them, and they are so closely associated together in these various enterprises and companies, and compete so little with each other, that they naturally cooperate in the matter of price making, which, after all, is the most important part of the entire matter. The principal means of eliminating old competition and preventing the advent of new competitors is connected with the ownership of these facilities mentioned.

I am fully satisfied, from investigation covering a large country, that the production of fat cattle for market has become such an unpopular occupation, and so unprofitable, that the industry is on the decline, and people are doing their best to find some other means of utilizing what is produced on their farms. It is possible that this argument will be answered by saying that the principal trouble is that the men who feed cattle pay too much for their feeders. This is no argument whatsoever, and is not founded on facts.

It is true that live stock is the only commodity that goes to market and is sold without regard to its cost of production. We have neither time nor space here to go into this argument to show the exceedingly high cost of producing live stock. Everyone who is familiar with this subject knows that to-day the cost of producing a good 3-year-old steer suitable for the feed lot is more than twice what it was 20 years ago. In fact, many of the producers of feeding cattle feel that in the last 10 years they have simply been at a standstill. This may sound like an extravagant statement, but I am prepared to support it.

Taking up matters of detail and causes of irritation in market methods, I desire to call your attention to the fact that during the week there are only two important market days at Chicago, and at other markets barely three days. In other words, Mondays and Wednesdays are the big days in Chicago; and in Kansas City possibly Tuesday is a good day as well as the other two. This condition has largely been brought about by the buyers refusing to put five days of the week on an equal basis; and it has concentrated receipts on a few days, and of course has a tendency to lower prices, which is an advantage to them. Personally, I have tried to help establish a five-day market, especially at Chicago, because we are very large shippers of cattle, and time and again I have shipped cattle for Tuesday's and Thursday's market, and always got the worst of it. The last time we came Tuesday it cost us 15 to 20 cents per hundred on 650 head of cattle. There was only one man bid on this string of cattle, while on Monday there was some competition. The cattle were identical. At other times we have had the experience of having one man buy the entire string of cattle, and let other buyers have part of them. So you see, if the buyers were really sincere in desiring to have a five-day market, they could very quickly establish it by taking care of the markets on five days.

Another feature that causes shippers to feel much aggrieved, and one which seems to me entirely useless, is the fact that on big days,

especially in Chicago when receipts are heavy, such as a Monday when there would be 25,000 cattle on the market, the cattle buyers for the big packing-houses—and remember they only number four or five people—fail to come out until very late in the morning, around 11 o'clock, and frequently I have seen them all arrive in the yards within about five minutes of each other, and then they would probably tell you that "they were just looking the cattle over." These tactics in the end do not result to the benefit of anyone, and simply irritate. In any other occupation if a man had a big day's work to do, he would start out early and get through with it; while in this practice buyers prevent prompt sale of the cattle, causing them to shrink, deteriorate in appearance, and get to the scales late in the evening; and sometimes held over until the next day to be weighed or sold—it creates a sentiment that is dangerous. As a matter of fact the shippers of cattle to market are men who have some judgment and realize that if 25,000 or 30,000 arrive, that the market could not be so strong or respond as promptly as it would if there was a smaller number, and if the buyers do not show up until late, it only creates a feeling of bitterness that should not exist.

Another thing that has been complained of a great deal is the market message that is sent out from Chicago every morning. For example, out in Denver we get a telegram every morning, that is posted on the board at about 7.15, which reports the receipts of cattle and may say the market is "10 higher" or "10 lower," or steady, or something like that. Now, as a matter of fact, at 7 in the morning no cattle have been sold in Chicago and the price of cattle has not been established. It is a fact, however, that the wire that goes out from Chicago every morning largely establishes the price of cattle at all the markets in the United States, and if that message is not founded on absolutely correct information, it is a detriment to the market at points like Denver and Fort Worth. It has been charged that in the past receipts have been exaggerated in some of these telegrams, but that, I believe, has been corrected. No message should be sent out that early in the morning, quoting the market; for, as a matter of fact, there is no market in these big cities until much later in the morning.

One of the most objectionable things that is done in connection with marketing cattle is what is known as "following shipments;" in other words, a train of cattle might be billed through from Wyoming to Chicago and stop in transit at Omaha, and the experience has been that if these cattle are offered on the market at Omaha and are not sold there on the basis of the bid made by the packers, if these cattle continue on to Chicago the probabilities are that they will not be bid more than the Omaha price, or the Omaha price plus the freight, and very frequently the shipper is given to understand by the buyer in Chicago why this is done. This practice is true in many cases where people forward cattle from points like Kansas City to St. Louis and from Denver to Omaha, and it is a fact that many shippers from points like Denver bill to some certain market like Kansas City and feed their cattle at a point like Lincoln, and then at Lincoln they change the destination to several markets and attempt in various ways to disguise the identity of the shipment so that it will not be followed. Lincoln is a favorite feeding point for

cattle destined to Omaha, St. Joe, and Kansas City from the west, and one of the large packers has now purchased the control of the Lincoln Stock Yards and is operating it, so, of course, is in possession of full information regarding cattle that may stop there.

I have tried for the last 15 years to make a five-day-a-week market. This year we shipped cattle frequently to this market, and my experience in shipping these cattle on days other than Mondays and Wednesdays was uniformly bad. Once in a while the market on Thursday may be higher, but it is the exception. Here is what happened to me the last time. We loaded 1,350 cattle at Hinsdale, Mont. There were too many cattle for Monday, so we held out 650 of them, which came in on Tuesday morning. Not a man looked at them until half past one. Then one man made one bid on them and bought them for 20 cents a hundred less than Monday's cattle. That is a specific case. If the buyers are sincere in saying they want a five-day market they ought to buy the cattle evenly, and the cattle will come. Just as soon as people know they can sell their cattle on days other than Mondays and Wednesdays, they will come here.

My friend from Valley talked about every cattleman trying to unload his cattle every 28 hours. We would run these cattle from Montana without unloading if we could. Unloading damages them, and they hook each other. It is more humane to run them through without unloading.

It would be unfair to make this statement any longer, for there are others here who have much to say. It is my opinion, however, that the most dangerous situation that we have before us is the ownership of all the facilities, such as stockyards, railway terminals, cattle-loan companies, etc., by the people who own the packing houses; and, with such ownership, so long as the present system of marketing and shipping live stock to a commission firm to sell continues, this complete price control may be expected to continue, with the probability that it will increase rather than decrease. It is very improbable that a better scheme can be devised for marketing live stock than the present one of public stockyards owned by people not connected with the buying side of the business.

As a matter of information I have had this printed, and with it two other statements I have made about this question at other meetings. Of course you will find that in this statement I have had to say many things that appear in the other addresses. I have also had printed in this pamphlet some other matters that have come to my attention that refer to this question, such as the animals on the farm, according to figures for January 1, 1915; also some little clippings in regard to some of the market matters we have been considering.

The following exhibits were submitted by Mr. de Ricqles for the record:

**REPORT OF COMMITTEE ON STOCKYARDS AND LIVE STOCK EXCHANGES SUBMITTED
AT THE EIGHTEENTH ANNUAL CONVENTION OF THE AMERICAN NATIONAL LIVE
STOCK ASSOCIATION AT SAN FRANCISCO, CAL., MARCH 24-26, 1915.**

¹ The committee on stockyards and live-stock exchanges, appointed at the seventeenth annual convention of the American National Live Stock Association, held in Denver on Tuesday, January 20, 1914, begs to submit the following report to the officers, executive committee, and members of the association:

Your committee, in making this report, realizes several features that exist at this time and place. First, the convention is being held where the majority of those in attendance do not go through the experiences in the matter of selling and handling cattle common to others who live east of the Rocky Mountains, and whose live stock is sold and marketed generally at the public markets, and whose experiences are quite unlike those of the men who may live in Arizona, New Mexico, California, Nevada, Oregon, and Washington. While the committee realizes that the great eastern markets more or less affect the values of the Pacific coast, still it is a fact that those on the Pacific coast fortunately have more independence in connection with the marketing of their product and do business in a different way from the people who may live in States like Nebraska, Iowa, or Colorado. It seems that the large buying interests have not yet created markets in the Pacific coast country similar to those on the Missouri River. Then the cattle produced in Arizona and New Mexico are sold largely at home by the head. However, the stock growers who come in contact with the eastern market conditions are seeking support from their western friends and fellow stockmen, to the end that better conditions may be established, and they ask cooperation in some of the dilemmas in which they find themselves.

Furthermore, at this time we feel that it is not wise to take up too vigorously certain points in connection with the situation as it now exists, hoping that those most concerned on the buying side will take notice and amend some of the situations and do away with the necessity of action on the part of the stock growers that might result in congressional investigation and a general upsetting of many practices and customs. It is of much importance to the live-stock industry that the buying interests be neither crippled nor embarrassed in any of their legitimate undertakings.

Those who have followed the course of the various markets realize that one of the most dangerous features is the control that a few men are securing over the marketing of live stock and everything concerned in connection with the industry. It is a fact that the packing-house industry, which was originated for the purpose of slaughtering live stock, has extended its operations into many other things. For example, the Union Stock Yards at such points as Kansas City, Omaha, Denver, St. Joseph, St. Louis, Fort Worth, Oklahoma City, Portland, and other points are now owned or controlled by the packers. In connection with the ownership of these stockyards companies, the same people have become interested and own or control the terminal facilities of the railroads at many of these yards. They also own rendering works and banks, cattle loan companies, in some cases market papers, and other kindred interests, which, of course, all tend to dominate the business and control it from every standpoint.

Stockyards proper are supposed to be facilities offered to the public for the purpose of preparing live stock for sale; that is, to feed, water, sort, rest, and fill cattle, sheep, or hogs prior to being sold and weighed; and it is quite a question whether those who buy this live stock should be the owners of the facilities offered for the purpose of preparation for its sale.

As regards the banking business in connection with live-stock matters, we find in a great many cities organizations called "cattle loan companies," these companies being owned or controlled by the packing-house interests. They exist in Chicago, Kansas City, Omaha, St. Louis, Fort Worth, St. Joseph, St. Paul, Denver, Oklahoma City, Wichita, Portland, Sioux City, and many other places. Some of these cities have more than one loan company, and they have been taking on large amounts of what is known as "cattle paper"—in fact, so much of it as to displace the local banks in some cases. It is our belief that their advent into the field has not increased the number of live stock fed or produced, nor have they benefited the live-stock industry materially, but have simply been a means of enabling a certain group of persons to make a profit out of the business of discounting and selling the paper resulting from these loans and giving them further opportunity to control the live-stock industry. We look with some alarm at the increased number of these loan companies owned by the same interests, and the fact that they handle very large amounts of this live-stock paper, and the capital stock of these companies is, in our opinion, in many instances too small; and they must depend upon rediscounting the paper with others, whose interest in the transaction is simply a passing one.

Your committee believes that the market question to-day is one of the most important ones before us. We look with distrust at this centralization of power

above referred to, and we are disturbed, because we realize that the commission men of the markets, although belonging to a live-stock exchange organized for trade protection purposes, are more or less helpless when confronted by the power possessed by the buying element. The popularity of salesmen who sell our cattle at market depends largely on acquiescence in the views of the buying interests, and when these interests dominate all the facilities for preparing live stock for sale, control the banks and loan companies that finance the live-stock business, and are represented on boards of directors of railroads that haul the business and the banks that handle the loans and accounts of the commission men, the situation becomes very complex and complicated.

From this you will see that the buying interests have been able to create a great machine at these central markets, and while its operations in the way of absorbing and clearing countless numbers of live stock on many consecutive days are all very remarkable, still, the cold facts, when uncovered, seem to indicate: First, that probably the stock growers would net more for their stock if there were more small and frequent markets. Second, that the stock growers pay practically all the bills, whether in the form of increased commission for selling cattle, higher interest rates, damage from foot-and-mouth disease, or losses from dishonest officials, such as the "lump-jaw scandal" has uncovered; and, furthermore, from the very nature of the machine, the commission men or agents of the shippers have been forced to keep step more with the buying side than with their clients, all of which is a simple demonstration of the power of organization when it meets disorganized bodies. And, while we realize perfectly well that the producers never have been and never can be fully organized into continued successful effort, still we believe that in this case, provided the big corn belt feeding live-stock population will cooperate with the American National Live Stock Association, marked improvement can be made and much good accomplished in correcting these market conditions. But we believe that without the help of the big feeding districts very little, if any, good can result from our efforts.

It is very far away, indeed, from the minds of your committee to make any suggestion or recommendation that could in any way hurt the buying power of the packing-house interests, but we believe they have gone outside of their province, and we would call their attention to what is going on before a condition arises that may make serious complications and bring about a disagreeable climax that possibly could not be controlled by either party.

In connection with the service at these various stockyards, for several years serious complaints have been made by shippers of expensive delays at terminals caused by congestion and lack of facilities, and these delays have caused great losses to shippers by their missing the market, or shrinkage. Complaint has also been made of neglect on the part of stockyard companies properly to clean their pens, allowing mud to accumulate that in the wet weather in the fall has caused great loss. This has been especially true of several western stockyards, where lambs are handled quite extensively and which suffered great damage. Your committee took up this question, and a marked improvement has been shown. However, there is room for more, and, we believe, had the usual number of live stock been handled during 1914, conditions would have been just as bad at some places as in 1913. Effort is still being directed to improve these situations by both this committee and a special one having this matter in charge, but we find it a difficult matter to accomplish very much in view of the fact that there is very little competition as between these stockyards, on account of the identity of their ownership. At the Chicago stockyards there has been an unfortunate scandal regarding the disposition of the lump-jaw cattle which involves some people connected with the live-stock exchange. This matter has been running along for a number of years and has brought about a great loss to the stock shippers. To give you some idea of the magnitude of this thing, we quote here an abstract of the recent charges made by the governor of Illinois. This statement we take from the public press of Chicago of March 9, 1915:

"That the Standard Co., in the 12-year period between 1902 and 1914, should have turned over \$4.15 more per animal than it did, the 'holdout' having been \$1 on hides and \$3.15 on offal.

"That the Bismarck Co. should have turned over \$2.85 more per animal in the period it held the contract, this including \$1 for hides and \$1.85 for offal.

"That an average of 250 'lump-jaw' cattle are slaughtered each week, or 13,000 a year, and that this, multiplied by the 12-year period and the \$4.15 per animal which was 'held out,' represents \$647,700, which shippers lost through the operations of the Standard plant."

The statements in the press refer to the ex-secretary of the Chicago Live Stock Exchange as being interested in the Standard Packing Co., that seems to be involved in this scandal. As you perhaps know, the disposition of the lumpy-jaw cattle was in the hands of the live-stock exchange.

Furthermore, the stock growers, as a class, have been more or less surprised at the position taken by some of these stockyards as regards the foot-and-mouth contagion and the handling of the same. Witness the effort to hold the stock show at Denver in January against practically the unanimous opposition from the stock growers. And while we realize that, at certain points, a great effort has been made to overcome the disease, and certain stockyard managers are entitled to credit, still, as a whole, the stock-growing interest feels that it has been made to bear more than its share of the cost of this disease, and that in many cases the buying interest has availed itself too much of its opportunity.

Your committee has but few recommendations to suggest. We believe, however, that it would be wise to arrange a conference as soon as possible, to the end that the packing-house interests may realize the position of the shippers as regards these various matters. The producers recognize the power that is in the hands of the consolidated buying interests, and how it is possible to dominate the markets and everything connected with them. They also recognize the fact that, if this goes too far, it will cause a decrease in the production of live stock.

We earnestly recommend the holding of the next convention as far eastward as possible—the State of Iowa preferred—in a territory where the market question is fully understood, for we believe that this market control is the most important question before us to-day.

Yours respectfully,

A. E. DE RICQLES, *Chairman,*
THOMAS BELL, *Wyoming,*
J. P. CAMPBELL, *Kansas,*
C. E. COLLINS, *Colorado,*
FRANK FOGEL, *Arizona,*
E. D. GOULD, *Nebraska,*
CHARLES GOODENOW, *Iowa,*
W. H. McKITTRICK, *California,*
AL POPHAM, *Texas,*

Committee on Stockyards and Live-Stock Exchanges.

ADDRESS OF MR. A. E. DE RICQLES, DELIVERED AT THE CONFERENCE ON "MARKETING OF LIVE STOCK," ON JULY 8, 1915, AT THE BROWN PALACE HOTEL, DENVER, COLO.

Gentlemen of the conference, those who are acquainted with the vast territory included in the United States of America realize that it is the greatest cattle country on the globe, and that within its boundaries are the best pastures and grazing lands of the world. Perhaps, after all, the most valuable and important crop that we produce is grass. Regardless of this fact and of the further facts that we in this country are perhaps better situated to raise cattle than the people of any other country, and that it is one of the most pleasant occupations, investigations indicate that the cattle business is evidently headed for destruction. Possibly "destruction" is not the right word to use in this case; "extermination" might be a better one. In confirmation of this, the receipts of cattle at the open markets of Chicago, Kansas City, Omaha, St. Louis, and St. Joseph for the first six months of the past 10 years are herewith presented for your consideration:

1906-----	3, 640, 000	1911-----	3, 336, 000
1907-----	3, 847, 000	1912-----	2, 924, 000
1908-----	3, 345, 000	1913-----	2, 979, 000
1909-----	3, 225, 000	1914-----	2, 648, 000
1910-----	3, 294, 000	1915-----	2, 739, 000

To anyone interested in this business from the standpoint of the development of the country this is important; to those interested in it from the standpoint of making a living it becomes alarming. Naturally the first thing that comes to mind, after viewing such a situation, is to ask: "What is the matter?" Undoubtedly the principal trouble with this entire situation is the present method of marketing live stock at the great central markets or union stock

yards that have been built up at a few places, with their violent fluctuations in prices and absolute control of all the features of the business by a few persons. Therefore it becomes important for us to look at this subject in a calm, sensible way.

What has brought about the necessity for this conference is the belief that, in marketing live stock, "supply and demand" has ceased to have very much to do with the matter of price-making. That you may be satisfied in your own minds as to the truth of this statement, your attention is called to the fact that for the eleven months ending June 1, 1915, the exportation of beef, as given by the figures issued by the Federal Government, shows an increase over the same period for the previous year, as follows:

	Pounds.
Fresh beef	116,000,000
Canned beef	61,000,000
Pickled beef	7,000,000
Total	184,000,000

That would equal about 360,000 live cattle. Another important element in connection with this increased export movement is that during the 10 months ending April 1, 1915, there were 287,000 fewer cattle imported into the United States from Canada and Mexico than the year previous. From these figures you will see at once that we have several things to consider. The first matter to demand our attention is that our exports increased enormously over the previous year's movement, while our imports decreased in great volume, and that, regardless of these two features, during the period from November 1, 1914, to May 1, 1915, the feeders of cattle suffered most disastrous losses in their feeding operations. It thus becomes necessary for those interested in the continuation of this industry to try to discover why these things exist and what power is at work to change the laws of nature. Hence it is probably desirable for us to commence from the bottom and show just how the present live-stock market is constituted, who owns it, and how it was built up.

Before going into some of these matters in detail, it is well to remember a few things touching this proposition. For example, the prices for live stock in the United States are practically made every day by quotations sent out from the Chicago stockyards by wire early in the morning. At the smaller markets people wait until the Chicago quotations are published before commencing business. Possibly the correctness of some of these quotations is a thing that should be given attention, but that is a minor matter. What we want to impress on you is the fact that very few cattle salesmen in the United States west of Chicago start in to do business until they get their wire from that market, and this extends all the way to the Pacific coast. During last winter the Chicago market was under quarantine regulations, being tied up to a certain extent by the foot-and-mouth disease. The yards were divided into free and closed areas; but it is not of sufficient importance for me to call attention to the vast inequalities in prices paid for the cattle in the two areas, as that is not a fundamental proposition. On account of this quarantine the outlet for cattle was curtailed, and shippers who had theretofore been buying cattle in Chicago for such points as Pittsburgh, Buffalo, Boston, etc., were not in the market. This left the purchasing of the cattle in the hands of the local packers, who established practically their own price; and, as that price went all over the United States every morning and became the established basis for doing the business of the country, you can see how it was left for three or four individuals to say just what reward the cattle feeders in the United States could have for their labor. Certainly this was the "golden opportunity" for these packers, and, according to their financial statements, they did not lose any time in reaping it.

At cities like Chicago, Kansas City, Omaha, St. Louis, and other places, these live-stock markets exist. A live-stock market consists of the following elements: A stockyards company proper, generally called "union stockyards," which affords facilities to shippers of live stock to prepare their stock for sale; to feed, water, and care for it; to get it sorted properly; and to recover part of the loss of weight in shipment by what is known as a "stockyards fill." The stockyards company makes its profits on the feed sold; by a yardage charge of 25 cents per head for weighing, or on stock sold in the yard by the head; by charging the railroad companies for loading and unloading live stock; and by such things as branding and dipping cattle and renting the buildings for the

use of commission men, railroad offices, etc. These stockyard companies have been very profitable undertakings, and in the past have been owned by people who were not interested in the packing houses or in buying live stock.

Another interest at the market is the terminal railway, which is a switching railway used for delivering live stock—a very important feature where a great number of roads come into the yards, as at Chicago—where, if delays are suffered on these terminal railroads in unloading stock, etc., causing the stock to be late to market, the damage suffered by the shipper is considerable in loss of weight and possibly failure to reach the market on the day intended.

The commission men at the stock yards are those who sell on commission, and buy on orders, live stock for a fixed charge. This charge is established by an exchange to which they all belong, and they are subject to a penalty if they do not obey the rules. These commission men also loan money to stockmen in the country, for whom they buy feeders on the market. Their profit is made by charging commissions for either buying or selling cattle and other live stock, and through rediscounting, either with banks or with cattle loan companies, notes that they may take from their customers. They are a very important feature of the present-day market; we can not get along without them; but they should be independent of the buying element to a greater extent than at present, and should represent the seller; for, after all, it is the shipper who pays every dollar that is charged for the various expenses at the market. These commission men put out a great deal of money to live-stock growers and feeders; and where they secure this money, and what limitations go with it, are things that I will take up later—they are very important.

Another feature of the market is the meat-packer. The big packing concerns are owned by a very few men—like Armour, Swift, and Morris—who dominate the business from one end of the country to the other. It is of the utmost importance to the live-stock business that these packers do well, and that they prosper and have a wide outlet, and be unhampered in any legitimate business. As long as they continue in the packing business they should have our greatest consideration; but it is their advent into other lines of business connected with the marketing of live stock that creates the dangerous element for the stock-grower. Of that I will also speak later. The big packers are owners of refrigerator car lines; they are in the stock food business, and many other things.

Others doing business at the stockyards include the speculators who buy various kinds of live stock for different purposes. Some of these speculators are important to us; they frequently buy cattle at one market and ship to another and help make trade. Then there are the order buyers, who buy cattle for small packing houses in other localities or for feeders in the country. They are important and are a big feature at all markets.

In addition to these buyers there are banks, both State and national. In many cases they are owned either by the stockyards people or by the packers. In connection with these banks are cattle-loan companies, organizations with moderate capital—in some cases not enough—that do business in rediscounting and selling cattle paper to other banks throughout the country. Later I will show you the importance of having these banks and cattle-loan companies owned by independent interests.

Another feature is the market paper. These papers are published in the afternoon of the day of the market and show the quotations. They are important as vendors of news, and it is very desirable that their quotations be correct, and not biased to the benefit of either side. The ownership of these market papers is important.

Rendering companies, for the purpose of handling dead animals, are also an important part of the market. The rendering works have been reported as very profitable concerns. I do not see how they could help being profitable, in view of the fact that at many markets shippers get nothing for their dead stock.

Other institutions at markets include such features as sanitary inspectors, Federal sanitary inspectors, brand inspectors, pure-bred live-stock dealers and associations, and other kindred features. You can realize the importance to the live-stock public of having the inspectors at these markets free from the influence of any set of interests. It is said that during the foot-and-mouth epidemic some of these State officers and sanitary boards in various places were influenced in a way that was not to the advantage of the producers.

These various features, when taken together, constitute what is known as a live-stock market; and when we consider that live stock is the most important

and most valuable single interest in the United States, we commence to realize how necessary it is for these public markets to be handled for the general benefit of the industry and not for the profit of a few. Census figures show that the value of live stock in the United States is six and one-half billion dollars. More depends on it than on any other industry we have, because wrapped up in the live-stock question are the food supply of the nation and the great problem of continuance of crops because of the fertilization of the soil. In it is the solution of many of the problems incident to the settling of a new country, the possibility of our settlers being able to produce enough to continue, and many other economic questions that are too numerous to mention here.

The price paid for live stock at the six markets, viz, Chicago, Kansas City, Omaha, St. Louis, St. Joseph, and Sioux City, establishes the value of marketable meat animals throughout the rest of the United States. Chicago is the leader, so far as quotations are concerned, as already explained; but these six markets dominate and control absolutely the prices. There are other markets, such as Fort Worth, Oklahoma City, Wichita, St. Paul, Denver, etc., that simply follow along. The scheme seems to be to buy a limited number of cattle at the smaller markets and confine the principal purchase to four points, namely, Chicago, Kansas City, Omaha, and St. Louis. This policy, no doubt, is based on the idea of concentrating receipts at a few points on certain days, resulting in giving more control over the price paid. We thus find that at points like Denver, where there are packing houses owned by the big packing institutions, a minimum number of finished cattle are bought by these concerns which for some reason or other prefer to ship in dressed meat. It is a fact that at Denver, while the packers possibly do not kill more than 20 or 25 per cent of the available fat cattle produced in this territory, still they are constantly shipping in dressed meat from their big centers, such as Omaha and Kansas City. Naturally those interested in seeing a market like Denver developed are more or less alarmed over this situation.

In connection with these many markets, we find that packing-house people, or the buying side of the business, have been gradually securing the ownership or control of many of the various interests that go to make up a market. For example, they own the stockyards companies at many points, such as Kansas City, Omaha, St. Louis, Fort Worth, Denver, and elsewhere. They own or control the terminal railroads that do the switching in many cases. They have also become owners of many of the market papers. They own or control a great number of the banks at these different stockyards, and also the cattle loan companies. They have gone into the leather, hide, and pelt trade; the poultry business and the butter and egg business; they are in the refrigerator-car business; they own the rendering works. Thus anyone stopping to study the question will realize that the buying side is the dominating factor in this live-stock marketing question. It is desirable to consider what effects the exercise of this control by the buying side may have on those engaged in producing cattle.

Let us look at the stockyard proposition first. As stated, the stockyards are supposed to be a place for the accommodation of people marketing live stock, and where it can be prepared for sale. Very expensive and troublesome delays have been suffered at these yards; poor service has been experienced in many cases; feed of inferior quality, such as bad hay, has been furnished; excessive charges have been made. I mention these things simply because they are common complaints from stock growers. Now the question arises: Should the men who buy our cattle own the facilities which we have to use for preparing them for their inspection and possible purchase? Unquestionably not. Anyone realizes the ethics in this proposition, and it is not necessary for an expert stockman or stockyards man to pass on it.

As regards the banks and cattle loan companies, these institutions have been very profitable, and, as before stated, with some of them the capital is too small. One loan company, with a capital of \$100,000, puts out \$5,000,000 rediscounts. These banks and cattle loan companies have a great opportunity for making money and use the funds and huge deposits that accumulate at their stockyards, which funds are the property of the stockmen and the result from their sales. The fact of their being owned by the buying side is an element of danger to the stockgrower, in that the buying side, or the packers, are enormous borrowers on their own account. With tight money, they are more liable to use all the available credits for their own operations, and stockmen who

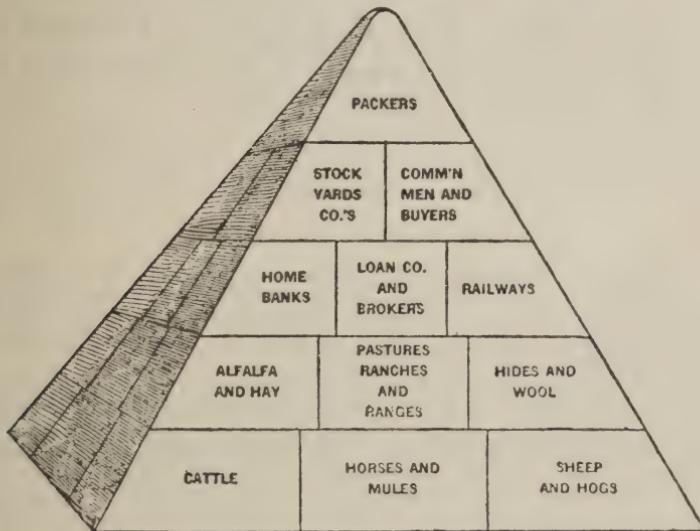
borrow money through the loan companies or banks owned by packers must naturally take second place until the packers' wants are satisfied.

Furthermore, the live-stock commission men should not be indebted for either loans or favors from the people to whom they sell. There is an implied obligation in such an arrangement to the buyers of the cattle in the yards that should be eliminated.

By calling loans, the buying side could, through its ownership of loan companies and banks, force large numbers of live stock on the market at an inopportune time, because it is well known that two-thirds of the live-stock paper put out in the country comes due in two or three months of the fall or two or three months of the spring, and it would not be difficult to manipulate this, if anyone desired to do so. This is too much power to be in the hands of a few men.

It is not proper for the buying element to own and control the terminal railroads used for switching, because the delays that might be very harmful to the seller—causing shrink and bad appearance to his cattle, and making him late to market—would be to the advantage of the buyer in every case. I recall an instance in my own experience, when one of our trains of cattle arrived in Chicago at 7.15 in the morning, and, I believe, was not unloaded at the stockyards until 11.45. There was no accident to cause this delay. There were 42 cars of cattle in this train from far-away Montana, and they had to be unloaded, fed, watered, sorted, and inspected for brands, all by 3 o'clock before the market closed. The next day was practically a holiday. You can realize how a man would feel, after struggling for several years to produce a string of 4-year-old steers like that, to be treated in this way at a market, with absolutely no recourse. A few experiences like that make warriors out of preachers.

For your information I have prepared a little drawing that might be called a live-stock pyramid. From this pyramid you will see the wide foundation on



which the thing stands, or the heavy stones, called cattle, sheep, hogs, and horses. Then we go up another step, and we have interests of alfalfa, hay, and various feeds, such as Kafir corn, sorghum, milo maize, and those things that are produced in the new dry country. A little farther up in the pyramid we have big stones, including such interests as the local banks, the railroads, and others of that nature. Still higher up we come to the markets, which stones include the commission men, order buyers, speculators, cattle loan companies, and similar interests that I have mentioned. And, as the climax at the cap of the pyramid, we have the packers or meat buyers. They are just as important to us at the top of that pyramid as the big stone down at the right-

hand corner of the foundation; they are entitled to just as much consideration as any other bit of the structure that we have erected. This pyramid, if built up like that, would stand forever. Nothing could bring it down, because it would be put together properly, with the right foundation, on a broad base—and that is the way it should stand. Now, let anyone who wishes to experiment try to stand that pyramid on the small end, and he will see how quickly the whole thing would fall down. There is no other answer. There is nothing else possible. It would be undertaking to work contrary to the fundamental laws of nature. It is against the law of gravitation for a pyramid to stand on its apex. But that is just what the packers have been trying to do to the live-stock interests. It is largely on this account that we find our cattle receipts at market not keeping up with those of 10 years ago, and shortly I fear we shall see our greatest industry destroyed, because people will not continue in an industry that is not profitable, or where they have been deprived of any voice in deciding as to what their reward shall be when their work is completed.

ANIMALS ON FARMS BY FEDERAL REPORT.

WASHINGTON, January, 1915.

Farm animals in the United States on January 1 were valued at \$5,969,253,000. Department of Agriculture figures announced today show this total an increase of \$78,024,000, or 1.3 per cent over their value January 1, 1914.

Horses numbered 21,195,000, an increase of 1.1 per cent over last year; were valued at \$103.33 per head, and their aggregate value was \$2,190,102,000.

Mules numbered 4,479,000, an increase of 0.7 per cent over last year; were valued at \$112.36 per head and aggregated \$503,271,000 in value.

Milch cows numbered 21,262,000, an increase of 2.5 per cent; were valued at \$55.35 per head, with an aggregate value of \$1,176,838,000.

Other cattle numbered 37,067,000, an increase of 3.4 per cent; were valued at \$33.38 per head, with an aggregate value of \$14,237,376,000.

Sheep numbered 49,956,000, an increase of 0.5 per cent; were valued at \$4.50 per head, with an aggregate value of \$224,687,000.

Swine numbered 64,618,000, an increase of 9.6 per cent; were valued at \$9.88 per head, with an aggregate value of \$637,470,000.

PACKING AND PATRIOTISM.

[Wall Street Journal, May 26, 1915.]

It is to the credit of the meat packers now agitating in Washington for a speedier handling of cargoes detained by the British Government—incidentally and curiously, there is no mention made of detention by the other allies—that they have withdrawn their silly threat to place an embargo upon meat and meat products exported to Great Britain.

To say nothing of the cargoes detained in French harbors, or the undoubtedly belligerent right of Japan to do the same thing with Pacific shipments, the packers seem to be unable to understand that a condition of world war is necessarily embarrassing to neutrals. The administration at Washington is doing its honest, and doubtless competent, best to make the conditions as little intolerable as possible. The packers, with their hyphenated associations in Chicago, and still more in St. Louis can not help the Department of State. They can only embarrass it.

No doubt, as the poet says:

A meat industry, a country's pride
When once destroyed can never be supplied.

But this meat industry was telling us only a few weeks ago that the supply of the product was so small that they were compelled, with tears in their eyes, to advance prices. This does not fit in with the complaint of delayed cargoes. Is it the idea to "soak" the ever-patient American consumer with the prices realizable in a country like Germany, virtually in a state of siege?

As for cutting off the Argentine supplies, the packers, who are now trying to hustle the United States Government, do not realize that the British Govern-

ment, to say nothing of Argentina, can make their monopoly look like a discarded beef can. They are operating in Argentina, for the most part under British incorporation. They are subject to Argentina for taxation and regulation of exports—a country which is, to put it mildly, not in complete accord with the influences of the brewery and packing districts of the Middle West, suspected of having fostered this agitation.

It took a long time to teach the railroads that they did not own the United States. The best part of Wall Street, even when its voice was drowned in popular clamor, recognized that fact also. The packing industry would be well advised to put its grievances into cold storage. It has some remarkable assets not shown in the balance sheets. But the Department of State is not one of them, nor can it be used to pull certain chestnuts out of the fire.

LEATHER STOCK TO ARMOUR.

[New York Times, May, 1915.]

Announcement was made here to-day that J. Ogden Armour has purchased the interest of President G. F. Willett in the Eastern Leather Co., a Massachusetts corporation. Mr. Willett retires as president of the company and will be succeeded by Vice President F. G. Allen. Robert J. Dunham, vice president of Armour & Co., in explaining the deal to-day, said:

"The Eastern Leather Co. is a holding company owning the stocks of Winslow & Co., a house dealing in wool, and Winslow Bros. & Smith Co., operating sheepskin tanneries. The capitalization of the Eastern Leather Co. is \$275,000 first mortgage 5 per cent bonds; \$2,500,000 7 per cent cumulative preferred stock and \$2,500,000 common stock. Most of the bonds and stocks are held by insiders, but some of the preferred stock is held by the public. Half of the \$2,500,000 common stock was held by Mr. Willett and the other half by Mr. Armour personally. Mr. Armour purchased Mr. Willett's interest.

"The Eastern Leather Co. has been in existence about nine years. Its business has nothing to do with the Armour Leather Co. The Armour Leather Co. is not in any way in the sheepskin business; it handles tan hides from cattle and not from sheep. This is another end of the business entirely distinct from the Armour Leather Co. and is just an interest we have to handle our wool and sheepskins. Mr. Armour's purchase does not involve an expansion of the business of the Eastern Leather Co., which will be run along the same lines as heretofore."

A LIVE-STOCK TRADE CRISIS.

That a crisis in the history of America's vast live-stock trade has been created is a fact of which the producer (whose interests chiefly are affected) is becoming aware. He is beginning to realize that while his interest and that of the manufacturer or packer is to some extent identical, at the marketing stage each has his own interest to conserve. Always the object of the packer is to buy his raw material at the lowest possible dollar—of the producer to sell what from his viewpoint is "finished product" for the most money. When he deals direct with the packer in the country he trades in the dark without the advantage of competition.

Competition has long since become the recognized and essential principle of barter, and it is an axiom that every additional buyer at the market has spelled added competition.

The function of the producers' agent, known to the trade as the middle man, has been to bring his customers' product to the attention of all prospective buyers. Elimination of any competition is a distinct disadvantage.

As it was originated some years ago, country buying of live stock by the packer possessed an element of competition long since eliminated. The practice had its origin in the necessities of certain packers at central and eastern points, who operated in a limited way, and, unable to meet the selling competition of the big packer, conceived the idea of underbuying him. This they succeeded in doing to an extent far beyond their expectations. By withdraw-

ing the major portion of their orders from competitive markets and supplying their wants by direct country buying. For years country-bought hogs, for instance (the practice having its inception in handling that class of stock), cost less money laid down at New England points than the big packers were able to buy them for at competitive markets. Such competition naturally could not continue indefinitely, and its only logical outcome was the absorption of the smaller packer by the greater. In other words, the eastern killer designed an advantageous system of trading when he went to the country to buy hogs and the big packer paid for the idea. The "little fellow" disappeared, and with consolidation competition was reduced, if not eliminated. For a decade back the live-stock industry has been feeling the chilling effects of concentration, a process repressive of competition and, if carried to its logical end, calculated to completely stifle what has been termed "the life of trade."

An ideal market condition for the packer would be the entire elimination of rival killers. What in stockyard parlance is known as "marking the tickets" would then be possible. The packer could appraise his raw material at any price he deemed equitable, having the producer completely at his mercy, both at the markets and at country points.

Country buying is one of the agencies by which this accomplishment is sought. Elimination of competition through concentration is another. The producer has witnessed at regular intervals a disappearance of the identity of slaughtering concerns once powerful and insistent competitors. Some have disappeared entirely—others exist in name only, but the same result has been aimed at, and with uniform success. To-day there are fewer buyers of fat cattle, hogs, and sheep on the public markets of the United States than at any other time during the past 20 years. It is a condition already creating concern in producing circles and has been responsible for the announcement that an investigation will be held at Chicago November 15 and 16 under the auspices of the Federal Department of Agriculture with the object of determining the causes of present unsatisfactory conditions. This hearing is to be of the "friendly" variety, its promoters acting on the theory that the interests of the packer and of the producer are identical, but the very fact of its necessity emphasizes the gravity of the situation.

Impairment of confidence in market stability is something to be avoided. If the process of determining values by the law of the United States is ever superseded by an arbitrary power, the stoutest prop of the live-stock industry will disappear, and it is with the design of weakening such support that the packer is constantly enlarging the scope of his country buying operations.—Article published November 1, 1915, by National Live Stock Exchange in Chicago Drovers' Journal, Chicago Live Stock World, and Kansas City Drovers' Telegram.

The CHAIRMAN. It occurs to me that the carrying out of a five-day market involves some very close cooperation in getting it started, between the transportation agencies and the shippers and others as well. I hope the minds that are working on that subject will give it further attention, as I have no doubt they have given it attention in the past. It is not as simple as it seems, possibly, because if it could be settled readily it would have been done long ago. I do not think we ought to hesitate at these things, because they are difficult—and a great many of them are difficult.

The next statement will be by a gentleman who is both a feeder and a shipper, Mr. Edward L. Burke, of the American National Live Stock Association.

Mr. BURKE. Mr. Chairman and gentlemen, before I go on with my prepared statement I should like to say, as a feeder from Nebraska, that I wish to heartily indorse everything that Mr. Wallace said in regard to the abuses and complaints of the Iowa feeders. I believe that that not only represents the sentiments of the Iowa feeders, but I am strongly convinced that it represents the corn belt and the entire Middle West.

In connection with the delays at terminals, particularly with delays here at Chicago, I believe that, as he suggested, a part of that trouble is due to the foot-and-mouth disease, and delays here coincident with that or resulting from it, but long before the foot-and-mouth disease developed here in Chicago that was the crying shame of the Chicago yards. It has been so to my positive knowledge for the last 20 years. We have been trying to ship cattle from Nebraska and get them on the market in time for Monday's and Wednesday's markets, but with very indifferent success. The delays have been such that it has cost us a great deal of money. That applies to Kansas, Iowa, and Nebraska, and the situation has been lamentable on account of the facilities for unloading cattle and getting them yarded. That is a matter that would naturally right itself were a five-day market established. It exists because of congestion on the big days.

THE FEEDERS' PROBLEMS.

I suppose I have been asked fifty times in the past month what good can possibly result from a conference between the various interests of the live-stock industry. Nearly everyone says: "What's the use; nothing can be accomplished," or "You'll get yourself disliked." The producer, lulled to sleep by the high prices the feeder has been paying him for several years past, lives in a fool's paradise. Some day he may awake to find his best customer gone. The commission man speaks in a whisper when you even mention the names of the big buyers. The feeders themselves act like a lot of fatalists and timidly acquiesce in a system which they seem to think was God made instead of the work of man. The public, the great, big, ignorant public, are too busy and too indifferent to take the time to understand the question. The packers, being the chief beneficiaries, will, unless interfered with, continue to expand and develop the system to the end, which I am firmly convinced would lead to disaster to all concerned. Who is going to break into the game and strive for better conditions? There is some odium attached to this work. If anything is to be accomplished some one must take the initiative and be the goat. I want to make it clear at the outset that we do not expect to revolutionize overnight the present methods of marketing live stock and overturn a system that has taken 50 years and hundreds of millions of money to build up. All the branches of this business, and they ramify interminably, are part of an immense machine, all interdependent and each essential to the rest. It therefore behooves us to deal as kindly as possible with each other. At the same time, it is necessary to call things by their right names, if conditions are to be improved. We hope, by letting in the light on certain practices which have gradually worked into the business and by calling attention to certain hardships under which the beef producer, and to a lesser extent the mutton and pork producers, are working to give the public and the other branches of the industry, especially the buyers, a better insight into the business from the standpoint of the meat producers. If by so doing we can secure their cooperation and friendly interest in our end of the business and eliminate some of the bad practices and arrest the development of the business along certain lines which bode ill to the live-stock industry as a whole and to the country, we shall indeed

have accomplished something worth while. If the very people who are now so skeptical about results would throw off their coats and take a hand, our chances for success would be vastly improved. Before going further into the discussion of the subject I wish to emphasize the fact that, toward those engaged in the other branches of the industry, we feeders have only the kindest regard, and, while I shall speak as a practical cattle feeder of some 27 years' experience, my first and supreme interest in this whole matter is to contribute what little I may toward placing the industry as a whole on a safer and more equitable basis. I am not so much concerned in the welfare of the feeders of this generation as in that of the young men on farms who are just coming into their own. Their name is legion, and they must not be robbed of their equal opportunity in life. They are entitled to it by all the principles on which our country was founded, and it is the duty of all right-minded men to help pluck the evils out of any system which interferes with that equal opportunity. No man who understands present conditions in the live-stock markets can conscientiously advise his son or his friend's son to make the production of beef his life work. That is the real test of the present situation.

Present marketing conditions are, on one hand, the outgrowth of years of organized effort on the part of the buying and distributing end of the business, and, on the other, the result of the tacit acquiescence on the part of the meat producers and commission men in whatever terms the buyers offer. It is perfectly natural that the beef producers, with no organization worth mentioning, should have had very little to say in shaping the development of the industry. In the rush and roar of modern business their interests have been lost sight of, and, unless they take a determined stand for a more equitable division of the profits connected with the industry, certainly nobody is going to hand it to them on a silver platter. They to-day occupy very much the same position that the laboring man did before he protected his interests by organizing the unions. Nobody would care much about it or pay any attention to the protest of the feeder if he alone were concerned. The natural answer to his complaint is, "If you don't like the business, get out;" but it happens that he is only a cog in a five-cog machine, of which the packers, the producers of live stock, the commission men and traders, the small butchers, and the consumers are the other cogs. If you knock out the feeder cog the whole machine will soon go to smash. From a purely economic standpoint, it is obvious that the feeder cog should be kept at work.

I will now refer briefly to the diagram which I have prepared. One who runs may read. It probably takes you back to your boyhood days when you studied grammar in the public school. It is an attempt to simplify the whole subject of marketing and show you at a glance what it would take many pages of written matter to explain. By it I have endeavored to visualize the marketing conditions of the live-stock industry as they exist to-day, both the good and the bad, and to show where they lead. The cause and effect idea have been carried out as far as possible. In the diagram I have tried to show conditions as I conceive them to exist at most of the big live-stock markets, and if the logic of the diagram is good it is high time for us to realize whether we are drifting. I shall attempt to cover only a few of the many important subjects suggested on the diagram, as the other features either have or will be covered by others.

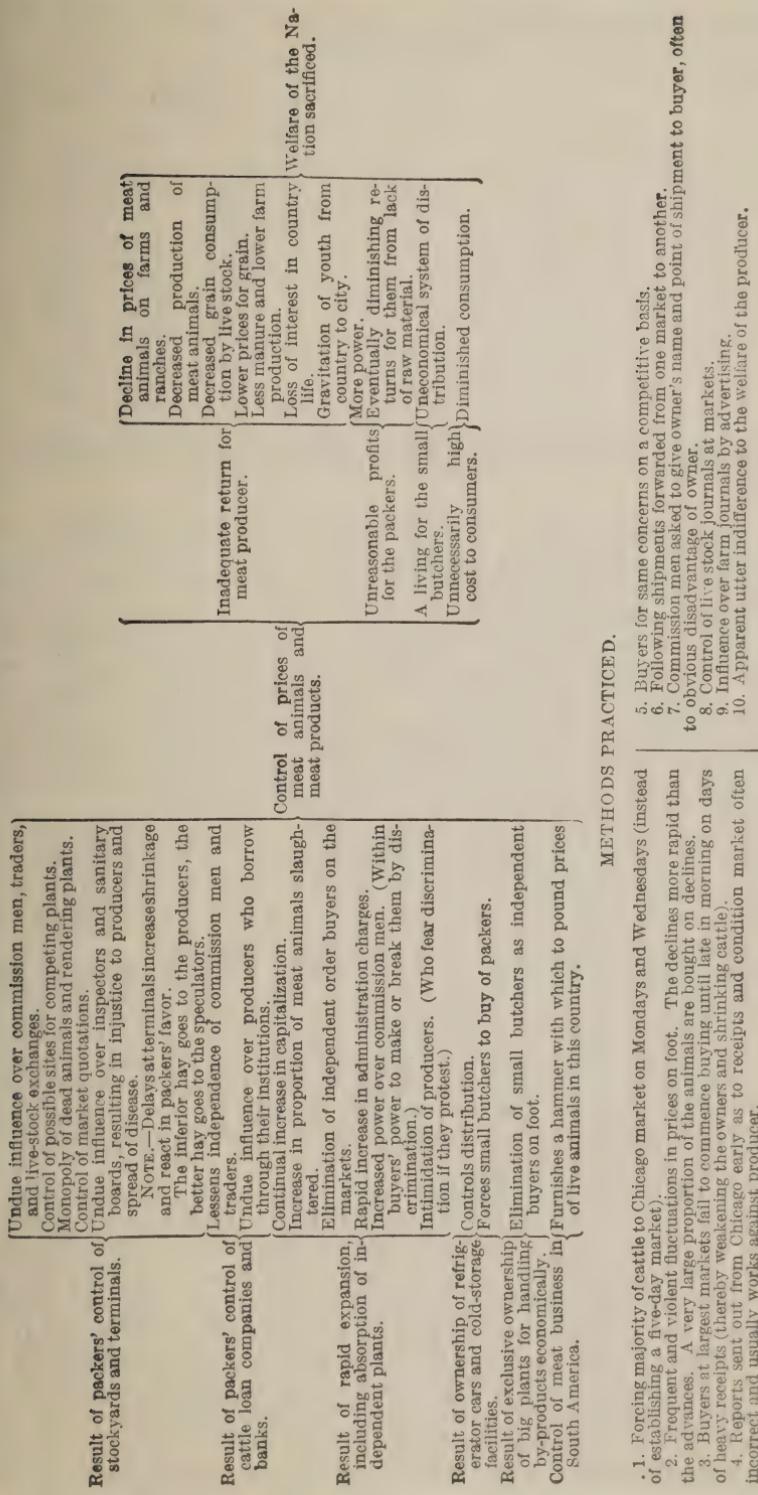
Diagram of the marketing of live stock.

Table showing feeding margin¹ and cost of corn of Kent & Burke Co., of Genoa, Nebr., from 1901 to 1915.

Year.	Cost.	Selling price.	Margin.	Cost of corn.
1901.....	\$3.50	\$5.25	\$1.75	\$0.28
1902.....	3.50	6.25	2.75	.50
1903.....	3.75	4.75	1.00	.30
1904.....	3.50	4.75	1.25	.30
1905.....	3.40	5.55	2.15	.34
1906.....	3.35	5.25	1.90	.30
1907.....	3.50	6.00	2.50	.27
1908.....	4.00	5.90	1.90	.50
1909.....	4.00	6.25	2.25	.52
1910.....	4.20	7.40	3.20	.51
1911.....	4.75	5.85	1.10	.35
1912.....	5.25	7.50	2.25	.56
1913.....	6.40	7.85	1.45	.41
1914.....	6.30	7.75	1.45	.58
1915.....	6.75	8.15	1.40	.58

¹ "Feeding margin" is the difference between cost delivered in the feed lot and net price realized. The average number of cattle fed each year about 3,000, and the marketing period extending over five or six months.

The matter which most vitally concerns us is the decline in the production of beef in this country. It is not a matter of local or passing interest. It concerns all. A vigorous race of people like ours can only attain their utmost efficiency when they are properly nourished. Meat is the most nourishing of our foods and anything which tends to encourage its production and supply it to our people at reasonable prices, is well worth our hearty commendation, while any methods which tend to decrease production and make it more difficult for our people to obtain, should meet with our severest condemnation. I shall now show you how beef production has been declining steadily under our present system and try to explain the causes.

At the outset the relative importance of our various meat products should be clearly understood. In 1909 the per capita consumption of beef, including veal, was 87.5 pounds; of pork, including lard, 78 pounds; and mutton 6½ pounds, which gives you a fairly clear idea of the transcendent importance of the cattle business.

The facts regarding production are easily obtained from our Government statistics. In a general way, in the past eight years, the number of sheep in the country has about held even. Hogs have increased rapidly, while the number of cattle has rapidly declined, there being over 14,000,000 less cattle in the United States on January 1, 1915, than on the corresponding date in 1907. Naturally, consumption per capita has fallen off still more rapidly on account of our increasing population.

According to Government figures, our per capita consumption of all meat produced has fallen since 1909 from 172.2 pounds to 156.59 pounds in 1914, and the most significant thing about it is that beef, including veal, accounts for most of the decrease. In 1914 the per capita consumption of beef, including veal, was 73 pounds; mutton, 7.7 pounds; and pork, including lard, 75.6 pounds. Of the total decrease in consumption per capita since 1909 of 15.4 pounds, beef decreased 14.5 pounds, pork 2.4 pounds, and sheep alone showed an increase, 1.16 pounds. The record of the slaughtering at the four big markets, Chicago, Kansas City, Omaha, and St. Louis, go to confirm the above figures. In 1906 the total cattle slaughtered at these

points was 4,993,000, and by 1914 it had gradually fallen to 3,700,000. The slaughtering of both hogs and sheep in that period slightly increased at those points.

To better illustrate the decline in beef production, it is significant that there has never been a year since 1909 when, according to Government figures, the country's total production of dressed beef was not less than the year just preceding it. In 1909 the total production in pounds was 7,529,225,000, while in 1914 it was 6,507,464,000, a decrease of 14 per cent, veal production declining in even a more marked degree. Pork production has slightly more than held its own in the past six years, while mutton alone has increased over 17 per cent, but it must be remembered that mutton represents only about 5 per cent of the total meat consumed. It must be evident to all that this enormous decline in the production of beef, concurrently with the rapid increase in population, is a very serious matter. The principal reason for this great falling off in beef production is not far to seek. For many years the cattle feeder, who is the principal beef producer, has worked under conditions where he has not only been unable to secure a fair return for labor, risk, and capital invested, but he has often had to face terrific losses. He has had no possible way of hedging against these losses, and, under the present system, he can have none. One hears the question on all sides: "What is the matter with the cattle-feeding business?" The fact is that beef production in the corn belt has become the most hazardous and uncertain legitimate business that a man can engage in. Outside of gambling on the board of trade or the New York Stock Exchange, I know of nothing to compare with it. In a nutshell, the margin between the price the feeder pays for his raw material and what he receives for his finished product is so narrow that he can not exist. This matter of margins really tells the whole story of the decline of the cattle-feeding business, so I shall ask you to bear with me while I briefly review, for the last 25 years, the history of the margin between the cost of feeding steers and prices received for them after being fed on an average from four to six months, giving at the same time the price paid each year for corn. (See table of feeding margins.) By feeding margin is meant the difference between the cost of the cattle delivered at the feed yards and the net return when marketed. Back in the nineties the feeders bought their steers in the fall from \$3 to \$3.25 per hundred and sold them in the winter or spring from \$4 to \$4.25, a feeding margin of about \$1 per hundred. But the price of corn averaged a little less than 25 cents in Nebraska during that period. From 1901 to 1912 the margins between cost of feeders and the price of beef cattle varied widely, as did also the price of corn. For instance, in 1903 the feeding margin of the company I represent was only \$1 and corn 30 cents a bushel, and poor quality at that. Naturally, losses were enormous. In 1910 our feeding margin was far the largest we ever had, a trifle over \$3, with corn at 51 cents, and profits were correspondingly large; but, on the average, our feeding margin for this period was close to \$2 per hundred, and the price of corn averaged about 40 cents per bushel. It was a game of seesaw, make it one year and lose it the next, so that the lure of the game and the love of speculation kept the blood of the feeder in circulation.

The big advance in prices of all classes of cattle came in 1912 and 1913, and, strange as it may seem, the situation of the feeder in the corn belt since that time has grown steadily worse. In 1913 our net feeding margin was only \$1.45 on 58-cent corn, and in 1915 it was \$1.40 on 58-cent corn. I wish to explain that what I have said about feeding margins and prices of corn applies to our own business. But I know that it is representative of that of the average cattle feeder in the corn belt. I think I am safe in stating that we buy and sell under as favorable conditions as any large feeder. But in order to confirm our own figures I have talked with many large cattle feeders in Iowa, Kansas, and Nebraska, and almost to a man the results obtained by them have been similar to ours. In order to further confirm this point, we have obtained sworn statements from 56 representative cattle feeders in Iowa, showing their losses and gains for the winter season of 1914 and 1915, not including cost of labor. They were all small feeders, none over 100 head. Out of the 56 only three reported a profit. These showed an average profit of \$3.48 per head, while the other 53 showed an average loss of \$21.25 per head. This tells the story. The enormous increase in the cost of beef production in recent years is not appreciated at all by the man on the street, and only dimly appreciated by most of those in other branches of the live-stock business. With prices of feeding cattle and corn 100 per cent higher than they were 10 years ago, beef cattle, in order to be profitable to the producer, should have advanced somewhere near in the same proportion. Our average cost price of feeders fed in the winter of 1904-5 was \$3.40, while for 1914-15 it was \$6.75. The average selling price of our finished cattle in 1905 was \$5.55, and in 1915 it was \$8.15. These figures are based on the handling each year of from 3,000 to 4,000 cattle which were marketed over a period of six months, so they are representative of market conditions for the season.

The contention is freely put forth by the buyers that the principal trouble lies with the feeder himself in buying his cattle too high. Let us look into that matter a little. He buys of the producer on a market of free and open competition and he sells his finished product to one of four or five concerns. He buys as cheaply as he can on the open market, in competition with thousands of other feeders, and the packers themselves on the fleshier grades. He furnishes the producer with competition and has done more than his share toward doubling the value of cattle on the ranch and farms in the past 10 years. In spite of this fact, the production of cattle in recent years has not increased, but as I have shown above, on January 1, 1915, was approximately fourteen million less than on January 1, 1907. It is evident that the producer has not been getting high enough prices to even hold production on a level keel, not to say increase it to take care of our ever-growing population. If the producer has to take less money for his young cattle, production is bound to be still further curtailed. It can not be denied that feeders have often paid middlemen excessive profits and thereby paid too much for their cattle. There is here a fertile field for governmental aid in devising ways and means for bringing together the feeder and the producer; but while this evil exists every effort should be made to remedy it. The feeders believe that their principal trouble lies in

the marketing of their finished product, and that the packers have not, on the average, paid them a fair price for their product, and that this has been accomplished through a system of unfair competition or no competition at all. During the past year, while cattle feeders have faced huge losses, all other producers of foodstuffs and manufacturers of materials which are needed by the warring nations of Europe have been making enormous profits, including the packers themselves, if well-founded reports be true. In fact, the profits of some of the packers are reported to be the largest ever. The advance in the price of the stock of the leading concerns would go to confirm this. The exports of beef since the war began have increased enormously, till they are now on a parity of 15 years ago, the high tide of our own beef exports. Our own industries are hard at work, with our laboring men on full time and full pay. Domestic consumption has been good. In spite of these facts, during the past two years the producers of beef have been going through one of the most disastrous periods in the history of their business. It is simply a climax in a situation which has been steadily growing worse for the past 15 years. They feel that unless something can be done to better their position, they will be forced out of the business. The apparent utter indifference of the packers to the welfare of the beef producers is well illustrated by the statement of Mr. Ogden Armour on February 2, 1905, at the time of the Garfield investigation of the beef industry: "I do not know whether feeders of cattle in general made a profit or loss during 1903." It happens that 1903 was a year when feeders lost about \$20 per head, and everyone connected with the live-stock industry was well aware of it, with the exception apparently of one of those who ought to have known it best. I cite the above, not in any unfriendly spirit, but because I believe it typical of the lack of cooperation between the producer and the purchaser of his product. Conditions in Chicago have changed mightily in the last 15 years. Back in those times by 8 o'clock in the morning the buyers were in the saddle, all was activity; by 11 o'clock on the big days three or four independent order buyers had bought from 50 to 100 loads of cattle for shipment. The packers had to hustle if they wanted any of the cream of the receipts, but all is different now. Even on days of the heaviest receipts everything is quiet as a graveyard at 9 o'clock, with the exception of the scouts who are getting posted; no business is being done. What has become of the order buyers of the old days? They are gone. So is the life of the market. Some of them are buying for the packers; others have quit; and a few eke out a living on orders for three or four cars per day, where they formerly had a hundred.

It has been claimed that the packer is a broker, standing between the producer and the consumer; that he has no control whatever over prices. A broker is defined by Webster as "an agent employed to effect bargains and contracts as a middleman or negotiator between other persons for a compensation commonly called 'brokerage.' He takes no possession as broker of the subject of the negotiation."

Few people have imagination enough to see the resemblance between the packers and this definition of a broker. As long as the packer continues to be the only purchaser at all the central markets of the country for practically all the cattle slaughtered in those

markets and nearly all those shipped east for slaughter, the feeder must depend upon his good will and cooperation. The violent fluctuations in the markets, the two-day market, the holding off of buyers on days of heavy receipts, buyers for the same concern on a competitive basis, discrimination against cattle forwarded from one market to another, are all matters more or less subject to his control. Probably the worst thing the feeder has to contend with is these violent fluctuations. The plausible contention is made by the packers that the rapid advances are an offset to the declines, but such is far from the case, as fully three-quarters of the cattle are bought on the days of heavy receipts, reducing the average cost far below the average daily price. Under this system, the producer of beef finds the market a veritable "ignis fatuus"; he grabs for it, only to find it vanished before he can grasp it. Many well-informed people think that there can be no artificial manipulation of prices of beef cattle on foot, because prices have reached such a high plane. These people fail to differentiate between the control over the general plane of prices and manipulation covering short periods. Over the former it is true that the large concerns have little, if any, lasting control, but over the latter they are all powerful and use that power to the ruin of the feeder. The policy of the buyers to encourage big receipts by rapidly advancing prices on light days so as to force enormous declines on days of heavy receipts, is the bane of the business.

Producers of pork and mutton are in much the same predicament. The markets on all classes of live stock are subject from time to time to raids which even the wisest are unable to figure out on any legitimate basis of supply and demand. To illustrate: Early last winter it was the cattle market; last July it was the lamb market, and within the past few weeks the hog has had to suffer about \$2 decline. The producer stands aghast at declines of from \$1 to \$2 per hundred within very short periods, with our exports enormous and our industries running full time. He wonders what is going to happen next and would welcome help from any source that promises greater stability in prices. There has been much discussion recently regarding the packers' buying in the country. For some reason the commission man seems much more alarmed over this matter than the producer whom he represents. There may be arguments on both sides of the question, but it must be obvious to all that when the packer reduces his demand on the open market by purchasing in the country, by just that amount he reduces the supply for the market, one exactly counterbalancing the other. By buying in the country certain charges, such as commission, yardage, feed, and shrinkage are eliminated. Oftentimes freight is saved, all of which are matters of great economy and tend to bring closer together the producer and consumer. Any movement which works toward economy has merit. Then again, purchasing in the country by the packers enables them to equalize their supply, holding back when receipts are excessive and vice versa. In this way more stable market conditions might be accomplished, which is greatly to be desired. As far as I know, commission men have not taken the trouble to consult the producers as to their point of view in this important matter. Possibly they feel sure that they know what is best for them. Just as there is merit in country buying by the packer, still more so is there merit in country buying by the feeder.

The present system of distribution of feeding cattle through the markets is wasteful and uneconomical in the extreme. Buying direct from the producer would eliminate yardage charges, oftentimes two commissions, a speculator's profit, and shrinkage on the cattle, and sometimes save double hauls by the railroads. Of course, there will always be a feeder trade at the markets, but conditions would be greatly improved if more of the trading could be done directly between the producer and the feeder. The attitude of the commission men in the matter of country buying is typical. They are apt to forget that they are the agents of the producers. To be sure, under present conditions their path is beset with difficulties. They find it very difficult to properly represent the producers, by whom they are supported, and the sooner they are placed in a position of greater independence by eliminating some of the unfortunate features of the present situation, the better it will be for the welfare of the business. Withdrawal of the buyers from the control of stockyards is the first step in the right direction, not only owing to the power and the influence it gives them over the commission men, but also to the obvious fact that the facilities for filling the stock which they purchase should not be under their control. A stockyards company anxious for new business is the best bidder for competitive packing houses. The impropriety of stockyards ownership by the packers is too obvious to mention.

A few words on the subject of concentration and I have finished. The producers view with growing alarm the rapid expansion and concentration of the meat business in the hands of the five large concerns. The volume of their business grows larger each year. Their capitalization is continually increasing in order to take over new plants or enlarge the old ones. The few independent concerns are rapidly being absorbed, while the volume of meat produced in the country grows less each year. This process rapidly increases their proportion of the total business and inevitably works toward monopoly. To sum the matter up, the producers feel, first, the necessity of greater stability in prices. Second, the desirability of the withdrawal of the packers from control of the stockyards and terminals. Third, the necessity of a halt in the steady march toward monopoly of the meat business. Fourth, the desirability of bringing closer together the buyer and seller, both in the matter of feeding and beef cattle. Fifth, the great advantage of a closer cooperation between the various branches of the industry and a better understanding of each other's needs. Sixth, the need of publishing under Government supervision full data concerning supply of dressed meat, so that all may be posted as to supplies. Seventh, the necessity of encouraging small independent killing plants throughout the country, especially near the range, thereby eliminating shrinkage and relieving the load from the central markets.

If a start along these lines could be made, we believe that the worst features that now threaten to disrupt the whole industry would gradually be eliminated and that this could be accomplished without any serious disturbance to the immense interests which dominate the business. But if present policies are persisted in by those interests, it can only be a question of time when radical steps must be taken to protect the welfare of the country.

With further reference to the subject of concentration, I would like to read a letter which I have recently received from a man who has been identified with the yards here in Chicago, with the buying end of the business, and in other branches in the beef-producing end for the last 25 years. I presume he is as well posted as to the situation at the yards as any man in the business. I refer to Edward F. Keefer, of the firm of Doud & Keefer. We all know that these men have been prominently identified with the live-stock trade, as buyers and feeders, for the last 25 or 30 years. Their business 10 or 15 years ago was a splendid business. To-day, I suppose, their business is not 10 per cent of what it was in the days past. Their letter reads as follows:

CHICAGO, ILL., October 26, 1915.

Mr. E. L. BURKE,
Omaha, Nebr.

DEAR FRIEND ED: I have for acknowledgment your favor of the 22d instant. I have refrained from making an earlier reply to this communication, as I wanted to be sure just what would be best for me to do in the matter.

After giving the subject much consideration, I have concluded that it would not be advisable for me to make any statement at the meeting that is to be held before Secretary Houston.

I fully agree with you that present market conditions could be improved upon, but I think the cattle feeders have themselves to blame for a large part of their troubles. If the cattle feeders could organize in a body, the same as the packers have done (which I believe is impracticable), and make up their mind to buy their feeding cattle at reasonable prices, so they could afford to sell their fat cattle at a reasonable price, conditions would be a lot better.

I believe when fat cattle sell over 8 cents per pound they are bringing all they are worth; but you can not expect to make any money selling fat cattle at that price when feeding cattle cost from $7\frac{1}{2}$ to 8 cents per pound.

The greatest trouble with the cattle-feeding proposition in the corn belt is that when the feeder goes on the market to buy his thin cattle he has thousands of competitors, but when he sells his fat cattle he meets with very little competition from the buyers.

It is true that the large packing interests are securing more complete control of the fat-cattle market each year by buying out their small competitors.

I am at a loss to understand why the cattle raisers are making any complaint at this time. I am sure the price range cattle (both fat and feeders) are bringing is high enough to make this end of the business very profitable.

The rancher who has to buy his young cattle in the South to take up North is probably up against the same proposition that the corn belt feeder is; that is, he has to pay too much for his raw material.

Personally I do not see why the packers should be blamed for this situation. I have granted that they practically control the fat cattle market; but ask, Have they abused this control? Has it been altogether their fault that cattle feeding has not been very profitable during the last year?

Of course they could have paid a higher price for cattle had they so desired, but they could also have bought them much lower if they so wished.

After giving the matter much thought I have come to the conclusion that the present time is inopportune to stir up anything that will create any feeling of animosity between the packers and the producers.

I am afraid we have a hard year before us, as I believe there will be more cattle fed this season than there has been for many past years, and we will need all the good will and help from the packers that we can get to make the season a profitable one for the cattle feeder.

Yours truly,

EDW. F. KEEFER.

Now, gentlemen, I think that is a deplorable condition. A man right there in the trade, who is in a position to know exactly what is happening, is willing to state that they practically can do anything they are a mind to with the market.

I should like to make a little statement further in regard to a talk I had with a commission man the other day, a man for whom I have the greatest respect, a man who has spent his life in the commission business in Chicago. I consider him the greatest executive along that line of any man in the country, probably as well posted as to the conditions as any man in the country. He told me within the last two weeks that in his opinion 90 per cent of the commission men were afraid of the packers.

Now, I submit that this is a deplorable condition, if it is true, and I believe this gentleman is in a position to know as well as or better than anybody in the business. The commission man should be in an absolutely fearless and independent position, and if 90 per cent of the commission men, or anywhere near 90 per cent, are afraid of the packers, how can they represent properly the interests that they are paid to represent?

The CHAIRMAN. I am sure we all look upon the presentation of these matters as representing the honest conviction and point of view of each of the representatives who presents them. Necessarily many of the things presented are subjects on which conclusive data could not be presented. On the other hand, I feel that some of them should be dealt with, and it seems to me that we might begin now to discuss the various questions that have been raised in the general part of the program. I think perhaps the best way to arrive at that is for the chairman to recognize persons on some specific subjects for a time, and to let the discussion develop itself in that direction. I made a note of two of the subjects which I think should be elaborated. I would like to hear some discussion on this question of buying in the country. It seems to me that, like most questions, it has two sides, and I think there is opportunity for a very fair difference of opinion on the subject, and wish the proponents and opponents on that question would discuss it briefly and to the point. I would be very glad to recognize any of the members of the conference on that subject. It seems to me a question in which the commission men would have a very important interest, and I would be very glad to hear them speak out their minds as to the advantage or disadvantage from their point of view.

Mr. M. L. McCCLURE. Mr. Damsell, from St. Joe, was to speak on that subject, but he is not here.

The CHAIRMAN. I suggest that we defer this topic until to-morrow. I think it is one that deserves discussion.

Mr. A. C. HALLIWELL. The chairman of the national live stock exchange committee on that particular subject, Mr. J. P. Bowles, is present. I would like to hear from him in connection with some things that have been said this afternoon.

Mr. BOWLES. Mr. Chairman, I would be pleased to have you defer that until to-morrow, until we have the paper.

The CHAIRMAN. While you are on your feet, Mr. Bowles, a further question occurred to me that it seems to me you might speak on—the question of direct buying of feeders. It occurred to me that the question of classification has some importance in that respect—the classing out cattle and reselling them. Could you speak just briefly on that?

DIRECT BUYING OF FEEDERS.

Mr. BOWLES. Well, Mr. Burke touched on that subject a moment ago—about people in the country going to the markets to buy their cattle. There is no question but what there must be some money saved in that respect if they could get in their sections of the country what they want. The average man who goes to the market to buy feeders wants a selected bunch of some specified weight. His neighbor has them all the way from 600 to 1,200 pounds, but he does not want to feed a mixed lot like that, and if he goes to the neighbor to buy two or three the neighbor would prefer to sell them all; consequently he is driven to the market with his shipment to find a market for all of them, for if he sells a few of the tops out of his small bunch to his neighbor feeder, the chances are he has the others on his hand, and in many cases he has not enough to fill a car. So he would profit one way and lose in another.

Mr. M. L. McCCLURE. How would he fix the price?

Mr. BOWLES. When you close the competitive markets or take them out of the business, or take the commission man out of the business, who to-day has become an expert in his line—he is not the man of 35 years ago, when I first came to Chicago, when we sold canners and cutters and butcher cows and bulls and steers all in one bunch, to the packer at one price. To-day he is an expert, and he classifies all grades of cattle before he pretends to sell. Of course there are exceptions to all rules. He may have a lot of cattle from some one individual who has a butcher bull, and a bologna bull, and a couple of canners, and a couple of cows that he may not be able to classify so he can handle them. In that case he has found it profitable to sell to what we call the trader or speculator where he gets them in small packages where there is not enough of any one grade to form numbers that he can sell to the average farmer that comes to market to buy them. That is wherein I think the commission stock cattle speculator makes his livelihood. He buys them in a large number of small packages just like the little shipper in the country that goes out to the different farmers and buys two or three from this man, and so on. No one has a carload and he fixes up a carload of all different grades, breeds, ages, and colors, and puts them into one car and shoots them to market. The speculator on the market does the same thing. He will buy a jack pot of that kind and he will buy 20 or 30 or 40 others, and in so doing he can class up a lot of cattle that the individual commission man can not do; he can not mix Jones's and Brown's cattle. If he has only a head or two or three or four or five he can not sell to a farmer. Those are the conditions that the commission man is confronted with, and when the man goes to the country to buy the cattle, we claim in the market that the majority of these feeders should be sold in the country.

As regards fat cattle it is advocated to-day that the man who sells a lot of cattle, hogs, or sheep to the packer in the country is digging his own grave; he has taken the competition, or the demand rather, out of the market for that article and he has depressed the market not only on himself, but on every other market in the United States as well as every feed lot. The packer does not go to the country for his

health or because he is a philanthropist or wants to help the producer. He goes there for a direct purpose, and that purpose in many instances is to break the big market at Chicago, and by breaking that he breaks it all over the United States. He goes out and buys train-loads of sheep, piles of hogs and cattle, and takes the orders out of Chicago, which naturally depresses the market.

Mr. WALLACE. What difference does it make on the market whether the cattle are here on some particular day or whether they are bought out in the country and don't come here. Now, I appreciate the force of your reasoning there, but I can not see why it should affect the market so much more when bought in the country.

Mr. BOWLES. I will give an illustration to answer the question by citing a fact. After the war was declared we had some very strong orders for export beef alive. One of the large packers came to me one day and said, "You have a lot of heavy cattle; we want to load a boat; we want to favor you." Of course I knew that it was a favor; they are always favoring us. "We want to buy a boatload of cattle." I think he said 1,030 head, weighing 1,500 pounds each. "We know you have them among your friends. We are willing to pay a strong price; will you go out into the country and buy them?" I said. "No; because it is undermining the principle of our business and our clients." I said, "I can cite you to one bunch of cattle, and I will call up the owner." I had had a letter from the owner just at that time that he was nervous to get rid of these cattle. The packer paid the long-distance telephone, and the owner said: "Yes, you bet I want to sell them."

Now, I never had seen these cattle, although we had bought them as feeders on the Omaha market, and they had come into eastern Iowa, and I was in communication with him frequently. I talked with the owner, the packer listening to me, and we made the price for these cattle. He said, "If they are what you represent to me we will be there to-morrow morning at 8 o'clock." He was there just as he said he would be, and the cattle were sold, and that producer or individual feeder was satisfied, and more than that he came all the way to Chicago to thank me, and, Mr. Chairman, I had done him the greatest wrong, in my opinion, that I had ever done any man. They bought these 1,020 cattle, loaded them the next day, and there was not a market in the United States that knew of it, and if they had had to come in on Monday morning to buy them we would have jumped the market in Chicago 40 or 50 cents the 100, and every one of you fellows would have got the prices. No; we sold them underhand. The fellow thought he was saving shrink and commission. Don't you see the point? The man thought we were doing something for him. I was ashamed of it afterwards, because I not only injured that man, but also every cattle feeder in the United States by selling that drove of cattle to a packer in the country. That is my answer.

Mr. M. L. MCCLURE. I do not believe that the further discussion of this matter is fair to Mr. McCrosky.

The CHAIRMAN. We will defer the discussion of the buying in the country until the formal statement is presented.

REDUCTION OF COMPETITION.

Mr. BURKE. I would like to ask Mr. Bowles a question in regard, not to the matter of country buying, but to another matter, and that is how the amount of competition on fat cattle now on the Chicago market compares with 10 or 12 years ago? If he is willing to answer that question, I would be very glad.

Mr. BOWLES. I would be very glad to answer Mr. Burke. I will answer him by another little story of a name that he has used publicly here—Doud & Keefer. I can remember when they bought 239 carloads of cattle in one day. I do not think Doud & Keefer averaged two carloads of cattle a day in 1915—not reflecting on their business.

The CHAIRMAN. Are there other competitors who have taken their places?

Mr. BOWLES. The number of buyers are very much reduced.

Mr. BURKE. To what extent would you say?

Mr. BOWLES. Those that are buying are only buying in small proportion to what they did. It is commonly said that Doud & Keefer are not buying enough to pay office rent. Bogue & Greenwall are not buying anything, and Eugene & Co., and several others, we don't hear of any more.

Mr. BURKE. May I ask just another question, and that is whether the same conditions prevail as far as you know in Kansas City, where I believe you are represented?

Mr. BOWLES. Yes; we are represented there, but I am not personally on that market. I would prefer that the Kansas City man would answer that question.

Mr. BURKE. Well, I asked that question to try to bring out facts. I talked with another commission man no later than yesterday, who is doing one of the largest commission businesses in the country, who has been in the business for 20 years, and is thoroughly posted, who would be as friendly to the buying side of the market as any commission man I know, and he said: "At a rough guess I should say the independent competitive buying has been eliminated at least 50 per cent in the last 10 years."

The CHAIRMAN. It occurs to me with reference to that point that of course there is constant change in the method of handling all of our agricultural products, and the mere disappearance of that factor in the market of itself might not necessarily lead to the conclusion that competition was being wholly eliminated. However, I think we will have Mr. Witherspoon speak for the Kansas City market.

Mr. WITHERSPOON. I will bear Mr. Bowles out in his statement that this competition is not eliminated totally. There are fewer beef buyers than 10 years ago, and particularly I notice the big strings. They divide the cattle among a dozen houses, but there is competition, especially in the quarantine side. Why, they vary sometimes in bids from 15 to 25 cents a hundred. Of course, their judgment varies, but still when we get a big string of cattle, especially when there have been a great number of cattle there the previous days, the tendency is to split the bunches. That more or less eliminates competition.

The CHAIRMAN. I would be very glad to have the gentlemen rise in their places and discuss any of the questions that have been raised by the papers that have been presented.

THE LIVE-STOCK EXCHANGE.

Mr. T. W. JERREMS, Jr. I wish to make a little statement in connection with some of the statements that have been made by Mr. Wallace. I thank you and the department for giving us the opportunity—I say “us,” the exchanges—an opportunity of being present to correct any statement that may be made here that does not conform to the facts as we see them. I do not wish to dignify Mr. Wallace’s statement as an accusation, for I do not wish to dignify my answer as a defense.

The CHAIRMAN. All of these statements here are statements from our point of view. We are telling how we feel about it.

Mr. JERREMS. Exactly, and that is why I wish to speak frankly as Mr. Wallace has. It brings up the point of the ever-increasing number of members of the Live Stock Exchange, particularly Chicago. I will call to his attention the fact that in 1907 the exchange at Chicago had 677 members, all of whom, practically all of whom, were active. There has been during the last eight years a decrease of 17 per cent, and the number of members of the Chicago Live Stock Exchange now stands at 601. There is at the present time an inactive list of between 60 and 100. I can not give you the definite number, but it is between these figures. Therefore, the statement that it is an ever-increasing number, and therefore requires larger charges, is not well founded, Mr. Wallace.

He also brought out the point of the difficulty that arose over the handling of diseased cattle. I have prepared a little statement which I will read, feeling that that proposition would be brought up at this conference.

A controversy arose between the State board of live-stock commissioners and the Chicago Live Stock Exchange in March, 1914, when the State board attempted to compel slaughter of diseased cattle at the Bismarck Packing Co. The exchange placed the killing at that time at the Chicago Packing Co., where the work was done from March 17, 1914, to July 7, 1914. On that date the State board succeeded in forcing the slaughter to the Bismarck Packing Co., the exchange continuing to supervise the slaughter. The conditions developing at that plant being so detrimental to the interests of the owners of diseased cattle, the exchange placed the matter before Gov. Dunne and succeeded in getting the slaughter removed to the Western Packing Co. December 24, 1914, the exchange withdrew all supervision or participation in the slaughter, but in the interest of producers continued to press the rights of the owners, the exchange being the representation of owners before Gov. Dunne, who finally, on January 7, 1915, appointed a commission to investigate the whole subject.

About the 1st of March, 1915, the commission made an exhaustive report to Gov. Dunne, who, on March 6, 1915, addressed a report of “his findings” to the State board and the exchange, and had his report published and especially distributed to the producers who

had petitioned the governor to continue the slaughter of diseased cattle under the supervision of the exchange, but the full report of the commission was never published. The published report contained garbled statements which altogether changed the meaning contained in the original commission's report, and other statements of the commission were entirely suppressed, such as the following:

It is our opinion that these returns based on live-stock values are reasonable returns to the owner, when it is considered that the class handled were lumpy jaw or other diseased animals.

The transactions were so numerous and extensive that it was impossible for us to make a complete audit of the books. However, we selected at random from the books of the live-stock exchange a number of items, the same being returns received from the sale of the products of certain animals. The books of the exchange show the name of the commission firm to whom the returns for each animal were made. We went to the various commission firms indicated in connection with the items so selected by us and found that in each and every instance the amount shown on the books of the exchange had been credited by the respective commission firm to the owners and that the amounts in each case corresponded absolutely with the amounts shown on the books of the exchange.

The commission's conclusion was based on percentages, and not on facts or figures, and the statement of percentages used in the commission's report were the full percentages obtained in the slaughter of healthy cattle, and therefore when these percentages were applied to diseased animals indicated a difference, which must reveal, to a certain extent the natural difference between the results of slaughtering healthy animals and those afflicted with disease of various types. And since a difference in varying amounts appeared under each form of contract, the statement that "as there was a shortage" is not justified by the facts. That assertion can be only a presumption based, as stated, upon the use of full percentages derived from the slaughter of healthy animals applied to diseased animals.

In May, 1915, the State board contracted for the slaughter of suspect animals, and that work is now being done by the successors of the Bismarck Packing Co., under the supervision of the State board, who deliver the results of slaughter to the exchange for distribution, the exchange not participating in the slaughter, and the controversy, which still exists, remains unsettled.

I make this statement that it may call up in the minds of the gentlemen here that the exchange is not correctly accused when they state there was a shortage in the handling of those diseased cattle.

The CHAIRMAN. We will be very glad to recognize other persons on any of these subjects.

Mr. GEORGE M. MARSHALL. I did not come here expecting to talk. I am interested in the sheep end of the game. I am a banker, farmer, shipper, feeder, and it seems to me the one principal thing that we should settle here, if we can, is the way to make a steady market here in Chicago. It seems to me that out in the country we have the producer of live stock, and the man who raises it, and the man who feeds it, and here we have the commission man, and all are working to get all they can out of this industry. They are on one side of this game, and the packer is on the other, and the way it has been running the last few years the packers are getting the better of it. I do not read of any producers or feeders or commission men getting over into the millionaire class, but we do read of

these packers, most of them, becoming millionaires. Another thing that we need to discuss here is how to make a steady market. For instance, we have a great many sheep fed at our yards. Lambs that were shipped out of there last week brought \$9.30; to-day the same lambs, if anything a little better, brought \$8.90. Quite often in 5 days we have a fluctuation of 75 cents and even up to a dollar in the price of mutton, and a large run of sheep will decline the market 50 to 75 cents, and within 10 days or 5 days the market will be back as high as it was before. It does not give the feeder an opportunity to feed at a profit and sell on this sort of a market. It seems to me that if the market is not worth \$9.30 any day that it is worth more than \$8.90, and so it would be a fair thing to have an average market of say \$9.10 for several days at a time. For instance, I don't think we have any market which fluctuates as the live-stock market does, in Chicago particularly.

I have been in the grain business and I am sure that the grain markets do not fluctuate that way. We do have a steady advance at times, and a steady decline at times, but we do not have in four or five days' time a decline of 5 per cent as we do in live stock. It seems to me we need regulation on this if we are to stay in the live-stock business. I know of several feeders in our yards who have been there feeding with droves of 3,000 each, we will say. They have all been marketed within two weeks. One farmer by big luck, who got in on high days, has received 75 cents, several times 50 cents, more than his neighbor who was unfortunate in getting in on declining days. This, it seems to me, needs remedying.

The CHAIRMAN. Do you think the fact that there are future markets for grain in any way explains the relative steadiness of grain prices as compared with live-stock prices?

Mr. GEORGE M. MARSHALL. I don't see why the grain market should be a steadier market than the live-stock market. I don't see why the conditions that exist in one should not exist in the other.

The CHAIRMAN. The first thought that came to me was that possibly the future market for grain might have some bearing on the subject.

Mr. WHITMORE. That is one of the places where a well-regulated feed-in-transit station ought to shine. That is where some of us try to shine. For instance, a shipper will come in from Wyoming or beyond with a whole trainload of sheep. He unloads them at a feeding station—not necessarily mine—and puts his sheep out in different pastures. His commission man can run out from the market in an hour, sort up his sheep or cattle, as the case may be, classify them thoroughly, leave them in the yards to get freshened up and incidentally put on some fill. He goes into the market in Omaha or Chicago and consults with his commission man, and, getting their heads together, they watch that market as closely as they know how. Then they telephone out to the yards to ship in so many carloads on a certain night. They feed the market. They are doing that more and more year by year so that there are very few shipments of 15 or 20 cars that ever go on any of these markets in a bunch. That is good sense; good sense for the shipper; good sense for the commission man; and good business all around. I have seen that thing developed to a wonderful extent within the last three

years. I think that is a thing that it is well to think of, and my observation is that the commission men almost invariably advise their patrons right. They advise them to keep out with large bunches of the same stock at one time.

Dr. S. W. McClure. How does it come that so many of them hit the low market?

Mr. WHITMORE. Well, nobody is smart enough to hit the gain all the time. This is true, too, Mr. Chairman, of the five-day market. From my point they are shipping almost every day in the week except Saturday. It is no uncommon thing to have almost as many head of stock go from our yards, 25 miles out of Omaha, on Tuesday as on Monday, and nearly as many on Wednesday. The whole tendency of the times is to break up this infernal rush on Sunday.

Mr. DE RICQLES. I would like to know if he would apply that to cattle also.

Mr. WHITMORE. Yes, sir; when I left Omaha yesterday there was just an even hundred carloads of sheep and cattle, and my boys said there were 20 out of those 100 cars to be shipped to Omaha on the morning markets.

Mr. DE RICQLES. It is totally impracticable to put range cattle in a place like that with any hopes of their keeping their weight. In further answer to what he states, this is what occurs: You stop a train at Valley or St. Paul, and come into market and some of your friends say, "Well, when are you going to bring those sheep or cattle in? I am going to pay you 10 cents less for them." They have a complete record; they will tell you there is so much stuff at Grand Island, so much at Lincoln, and so much down the line. They know that. While it may in some ways help a little bit to load these cattle out at these intermediate yards, the point is the cattle deteriorate, and the other stuff that is in these yards is known to these big buyers.

Mr. WHITMORE. We have scales at our place, and it is no uncommon thing for a shipper to weigh his stuff when he gets in there, and he weighs them frequently when he leaves, and I am here to say that it is no uncommon thing at all for us to send cattle to the Omaha market weighting 25 or 30 pounds more than when they got there. Shippers who have got on to that scheme and come there week after week and month after month have told me that they have put their stock over the Omaha scale weighing as much as they did at the point of shipment.

Mr. TASKER. I am one of the unfortunate commission men, and I am one of the unfortunate feeders. I have my own feeding station, too. A little experience I had this fall will show you how the holding of cattle and feeding for a market affects the fellow who owns the cattle. On the 18th of August, this year, I shipped cattle that brought $8\frac{1}{2}$ cents. About the first week in September I shipped some that brought 8 cents. My brother thought we would buy some corn and harden them up a little. We have two commission men here and we know just when to ship them. These commission men here tell you when there is a high and low tide. The next shipment brought \$7.65—nearly a dollar less. The next shipment brought 7 cents. The next shipment brought \$7.80. To-day I had a lot of the same cattle, and I got \$7.40 for them. So I have been adding a dollar a hundred in value to the cattle, and taking \$1.15 less. That is holding

cattle at feeding stations which I own myself and run myself, on my own land, and I am taking that much less than when I took them off the grass without any expense whatever. The packers are well pleased with these cattle. The commission men here know that they dress well. I am a commission man, a feeding-station man, and a feeder—all three combined.

The CHAIRMAN. I think Mr. Tasker's statement shows what diversity there is in actual experience.

Mr. CUTLER. I am much interested in Mr. Tasker's talk. I must say that with all his bad luck, if we misuse him and don't pay his claims, he don't say much about it. I wish Tasker or somebody else would explain this. This morning when I was over in the office, the dispatcher said: "What in the world are we going to do to-morrow?" He said that they wanted about 500 empty stock cars up in Wisconsin, the largest order for stock cars that the Northwestern ever had. I venture that the Milwaukee had the same thing, as they have more miles up there than we have. He said that this is something unusual and wanted to know if we couldn't curtail some of those orders. Your commission men know that is a pretty hard thing to do; we have tried that. We have simply got to make our cars go as far as they will. Now, unless something happens before sundown tonight, as far as the Northwestern is concerned, we will have more stock at Milwaukee, Cudahy, and Chicago than we ever had before. All last week I was up in Wisconsin, and the corn crop there is poor, and they are simply rushing the half-fat cattle to the market—anything to get them off the place to save them from buying feed. Whether the farmer or the commission man is to blame for that, I don't know.

One thing Mr. de Ricqles don't seem to have any use for is feed yards. I wish he would explain to me how he is going to get his Montana steers to Chicago without unloading for feed.

Mr. DE RICQLES. I would like to ask Mr. Cutler if he had any use for those feed yards when we had those nice feed-and-water cars, which we ran from Belle Fourche to Chicago. You remember some of the trips you took with me to Washington to try to keep them from passing the 36-hour law?

Mr. CUTLER. I never was in Washington in my life, with all respect for the assertion. I am sorry we can not use our feed-and-water cars. Two thousand of them built at a great expense are to be dismantled. We are getting some new cars made now, but no feed-and-water troughs are to be put in them. That is a thing of the past. What I would get at is how is he going to get his cattle to market without unloading them in some feed yard. In Grand Island we have spent \$50,000 to put up feed yards. We can not bring, and no other railroad can bring cattle from Wyoming or Montana to Chicago without unloading, without abusing the cattle and half of them being dead.

The CHAIRMAN. I am sure everyone present is not as familiar with the reason for dismantling those cars as you are. Will you please elaborate on that a little?

Mr. CUTLER. Of course the custom of the Northwestern and most all of the western roads has been that we have had feed-and-water cars for 20 years. To load at our farthest station—Belle Fourche,

in South Dakota, or in central Wyoming—we would put 22,000 pounds of cattle in a 36-foot car, and by watering them at about three places on the road—Long Pine, and perhaps Missouri Valley and Boone, Iowa—and by putting hay in once or twice we were able to get them through in about 72 hours—sometimes a little less, sometimes more. Of course we liked that; that was all right. It saved the expense of feed yards, but the law said that it must be stopped, and so we stopped. The feed yards, as far as profit is concerned to the Northwestern road, are not a profitable investment. I say here also that the best luck we have had is with the feed yards that private parties have owned on our line and have operated—Mr. Marshall has one and Mr. Kennedy another—and while private parties are willing to operate those feed yards we are not going to mix into the business.

MR. DE RICQLES. Mr. Cutler asked me why I do not like feed yards. He got the wrong impression. The proper way in running these range cattle is to unload them just as little as possible and get them to destination and save as much shrinkage as possible. No practical range man who knows his business will stop Texas or New Mexico or old Mexico range cattle and hold them for any market in points like Grand Island or North Platte or some place like that, as the practice is to get them to Chicago just as quick as you can. That does not refer to gentle, fed cattle, or sheep, or something like that. It is a matter of getting them to market just as quickly as possible, and therefore the feed yard does not enter into it.

DR. S. W. MCCLURE. This feed-yard proposition is one that has caused considerable excitement among woolgrowers, and the feed-yard men know all about it. Around Chicago the charge has been raised to $1\frac{1}{2}$ cents for the first day and 2 cents a day thereafter, and the feeding charge down in Nebraska is a cent and a half. The woolgrowers became so incensed at what they thought was the charge at this station that certain woolgrowers established here at Chicago two years ago a feeding station and fed a considerable number of sheep from that end. The charge at the other feeding stations was $1\frac{1}{2}$ cents a day, and the Idaho woolgrowers actually fed their sheep at a cost of one-half cent per day. That included everything. They found that the proposition was very profitable, and I am satisfied that the feed yard along the railroad has been one of the most profitable institutions connected with the road.

I do not agree with Mr. Whitmore that all of these should be in private hands and that all the good ones are in private hands. On the Santa Fe we have at Emporia, Kans., one owned and operated by the Santa Fe System. There is some advantage in having them operated by the railroads. They should either all be operated by the railroads or else they should not operate any of them. The railroads are responsible parties. Where they have operated the yards my judgment is that they have been more satisfactory than to lease out a yard here to an individual and for the railroad to operate one somewhere else.

I want to take emphatic exception to what Mr. Whitmore said about our loading up the caboose of the stock train. For 14 years I have been connected with the live-stock interests of the West, and for 7 years of that time I made a living riding stock trains. It is the most undeniably uncomfortable place that a man has to spend

his time in, in getting his stock to market, and certainly no man wants to take a trip of that kind to save the few dollars that his transportation would cost him. A lot of these fellows who come by stock trains are not stockmen. It has been my experience time and time again in loading live stock in the West that when we have completed loading the agent would come along and say, "Here is John Jones; I want to get him to Chicago." Of course we put him on and bring him down; there is nothing else to do. A lot of these fellows who come extra on stock trains originate in that way. Stockmen certainly do not want to load the caboose up, especially if they have to be in it. I have seen from 15 to 17 men in one of these on a little shipment. There were that many shippers represented in that shipment and had to come, and it was a mighty uncomfortable place, and the practice of our larger sheepmen in the Northwest, as far as I know it, and I think I know it, is to send as few assistants as possible in order that the man who has to look after the sheep may have satisfactory conveniences, and we have endeavored to reduce as far as possible the number of assistants who accompany these trains. If the number now accompanying trains is too large, on behalf of my association, I am willing to meet representatives of the railroads and arrange for a reduction in the number of assistants that are allowed to accompany shipments. If the condition is as Mr. Whitmore says it is, then it ought to be remedied, and as a representative of my organization I am willing to help remedy it by making certain concessions.

Mr. WHITMORE suggested that all there was to this was to bring our sheep down to the feed yard and leave them until a favorable market. Now, I have been around feed yards when there was not a thing to eat but water. If you are going to bring them down and hold them they would be out of feed in these lots in a short time. This year the feeding conditions have been good, but certainly we could not make the practice of holding all our sheep around these feed yards, because in a few days they would consume everything there.

So far as the commission man coming out and ordering them in is concerned, that is just what he does to-day. The great bulk of our sheep shipments come out, and the commission man advises the shipper; the shipper doesn't bring them in without the advice of the commission man.

Mr. CUTLER. I think that the Idaho Wool Dealers' Association and the Meat Producers' Association in Iowa want to get up some kind of a meeting of that kind if the railroads would join them.

Mr. BURKE. I think, as a shipper of cattle from eastern Nebraska, fat cattle, for the last 25 years, I can throw a little light on this matter of feed yards. We are situated about 8 miles west of the Missouri River, and we are just about on a line where if we have good service we can get our cattle into the Chicago market within the 36-hour limit. Oftentimes if anything goes wrong we have to unload at the feeding station at the Mississippi River, and in the course of our experience we have tested the shrink, kept track of the shrink of our cattle when they were unloaded at the feed yards, and again when they were not. I suppose that we have had dozens of instances on both sides, so that we know fairly well whether we get the best results by unloading and resting at the Mississippi River or sending

them through, and I want to say that in all of our experience we have always found that our shrinks were less on these cattle when we could send them directly through to the market and not unload and try to feed at the Mississippi River.

Now this, you understand, applies to corn-fed cattle, and our experience has been that you can not put a fat animal on the train and send him to the market without his shrinking. He will get a little temporary fill at the feed yards, to be sure, but on the whole his shrinkage is greater when he is unloaded. Now, that may not apply to certain classes of feeders and stock cattle reared on native feed that are shipped from the far West. When they come off these exceedingly long runs, where it is impossible for them to get in under any conditions within the 36-hour limit, they must be unloaded, of course, and rested. Certain classes of cattle are not used to corn and that high grade of feed, and probably don't shrink as rapidly when they get out on the road, and I am satisfied that there is a place for feed yards for that class of cattle and for corn-fed cattle when they can not get through within the limit.

Mr. WHITMORE. I do not like to impose on any audience, Mr. Chairman. I told you what I think, but I dislike to have this meeting break up with any misapprehensions on the part of anybody. Fifty years ago Ralph Waldo Emerson said, "Define your terms, and contentions cease." Now, when we come to find what we do, there is not so much difference between us as we think.

I do want to say in reply to the address of the secretary of the Wool Growers' Association, when he said that 15 years ago when the Valley feeding station was established we did not know a thing about it, we did not know what was fair; that we did start in the first fall resting sheep for a half a cent a head, and it did not take us 60 days to find out that we were losing a barrel of money, and we quit it. We went to a cent a head, and charged for herders. Everything was open; there were no fences near there, two herders perhaps having a large flock of sheep out on the meadows, and when there were 40,000 sheep in three bands we would have to have herders enough to keep them from getting mixed. We found that the herder charge added amounted in the average to just about $1\frac{1}{2}$ cents. We consulted with prominent shippers, and they said, "That is all right; if that is a fair charge, just make a blanket charge of a cent and a half and throw off this herding charge." From that day to this that has been our charge, through thick and thin, and not one shipper in a hundred has ever found any fault. It is a fair charge. I have said to the Union Pacific people, if for any reason they can not permit us to charge a cent and a half for all this service and everything absolutely guaranteed, and under bonds to the railroad company for the safe return to their cars of every sheep that has been unloaded, I will lock up my gates. It does give us a fair return on the investment and no more, and I have said to the representative of the Wool Growers' Association, Mr. A. J. Knollin, for the last five years, "If your people want my plant, they can get it on a fair physical valuation and I will step out." It is no gold mine, gentlemen.

The CHAIRMAN. I am told that Dean Curtiss, whom many of you know, wishes to make a brief statement on the financing of production of breeding cattle.

THE FINANCING OF PRODUCTION OF LIVE STOCK.

DEAN CURTISS. Mr. President and gentlemen, I had not expected to take any time, but this morning when the question of financing operations was up it occurred to me that an important phase of it was the financing of the production end of the live-stock industry, as well as the feeding end. That is not a new question of course. It has been considered at various times, and I realize that there are difficulties in the way of it. I was impressed this afternoon during Mr. Burke's remarks about the speculative features of feeding, which are of course known to all of you, and of the man who is compelled to buy in the strongest kind of competition and sell under the conditions that we know have been prevailing in the markets, that it is very important to establish the producing of live stock on a larger and more stable basis in the feeding belt, and in order to do that, and do it successfully, the man who is expected to raise the live stock there needs the same kind of financial help and backing that the feeder needs. Probably he needs it even more, because a good many of the men who are farming are not operating on a large scale; they are not situated so that they can go into the live-stock business and continue in it, and in consideration of this question of financing the stock business I think it is very important that we try to devise some plan, if possible, by which the man who is willing to raise live stock and raise it continuously, and go into the stock business on that basis, should receive help from the men who are willing to put up money to support the stock business.

If it is put on that basis, one element of the speculative feature will be eliminated, because a man is on a more stable and more uniform basis where he is raising products that go into the live stock, and where he has a certain amount of grain which is produced on the farm which can be turned to good advantage in live stock every year. Now, I realize the difficulties of making long-time loans and all that, and it is a question that is somewhat like the rural-credit system. It has many complications, and yet I believe that it is a very important question for this convention to consider. I do not care to take time to go into any extended discussion of it, but I believe that the more nearly we can eliminate the speculative elements the better it will be for the live-stock industry.

THE CHAIRMAN. Several of the colleges and universities have sent their representatives to the conference, and I want them to feel that they are just as much participants as the others, and if they have aspects to present, it is our privilege to hear them. In that connection, also, if some of you have specific questions that you wish to speak about, or specific topics, I think it will be well between now and to-morrow morning to give me the questions so we can consolidate them and thus cover the ground a little more definitely.

MR. SYKES. I just want to give the conference a little experience that I had during the course of a number of investigations I had made during the eight years that I was president of the Corn Belt Meat Producers' Association, in regard to the overloading of cabooses. About six weeks ago I shipped in a consignment of cattle from my farm about 440 miles west of Chicago, and, of course, you cattlemen all know that unless we go right along in the caboose and have each conductor sign up all the tickets, we can not get back unless we pay

our fare, so in order to avail ourselves of that privilege, and look after the cattle, I took my chances on riding in the caboose. It was a common way car, and we were crowded. All of you know about what number of men a common way car can accommodate. There were 15 or 20 of us in there—some stood up, some sat on the floor, and some sat on the seats, and we changed around. We all looked forward to the time we would get to Clinton, where the conductor said we would get a sleeper—a stockman's sleeper. He said if there were too many of us they would put on two. Certainly they would take care of us when we got to Clinton. We were all worn out, and it sounded good to think we could get a stockman's sleeper in Clinton about 7 in the evening. After we got there we spent two or three hours until several other trains came in. Finally the man came up and called out the men who had come in on the three different trains and said we were to follow him. We followed him outside, and when we got up to where the train was made up he said, "Here, boys, you can all get in that coach there."

Well, I tried to stop the fellows and get them to stand back and refuse to go in, but, of course, you might as well try to stop a bunch of sheep going over the fence. We were all in, and, of course, the only thing I could do was to go along in or get left. They would not pay any attention to me, of course, being alone. We went in, and I said to the conductor, "Where is your sleeper?" He said, "They ain't going to give us any sleeper." I said, "What is on the rear?" He said, "Just a common caboose." Now, this was a cold night, about the last of September; there was no fire. It was just an old passenger coach which had been discarded. After awhile they started up, and by that time you can imagine about the condition we were in. We had no heavy overcoats with us or anything to protect us. Really I got so cold I could not stand it longer, and I went to the conductor and said, "Here are these men practically freezing; if you don't make a fire in this coach and make it comfortable you will be reported when I get to Chicago." Then he started a fire, and, of course, the stove would not draw, and so forth and so on. We went through to Chicago that way. Now, I am here to tell you men, and to tell you, Mr. Chairman, that every man in that train was interested in this stock. There were 40 of us. They had 70 cars of stock on that train. Everyone of us was interested in that stock, was either the owner or the son of the owner or a hired man.

Now, so far as accommodations are concerned, I know that they are bad enough. After the investigations I have made during my term of office with the corn-belt people in connection with this work, I know what I am talking about, and I know also that men are not in the habit of riding in a caboose unless it is necessary; I speak now of the corn-belt feeder, and refer only to him. Just as was suggested by Dr. McClure, it is the hardest trip a man can take. If it were not for looking after the stock, no man would undertake such a trip as that. He takes his life in his own hands when he does undertake it.

The CHAIRMAN. I was born on a farm in western Minnesota, and one of the prized things to do, when the time came for the Minnesota State Fair, was to get some one to permit the use of a stock certificate to get down to the State fair. I would like to believe everything; but, just as Mr. Sykes says, I think it is a right that has been con-

ferred, and, possibly, to some extent they are abusing that right. Possibly sometimes persons who should not do so do get rides on stock certificates.

Mr. CUTLER. Mr. Sykes, fortunately, lives on the North Western Road at Ida Grove, one of the towns on the North Western, and only recently one of his neighbors told me that a man is fortunate to live on the North Western Road and not on some roads—I won't mention the roads.

I was a shipper for a good many years. For 20 years I used to come to Chicago with stock. What Mr. Sykes says, I presume, is true, but it is so much better than what we had in 1880 or 1885 that I think if I were a shipper now I would feel lucky to get even a passenger coach. We mean to have enough drovers' sleeping cars between Clinton and Chicago. The majority of them are satisfied to have a coach. Mr. Sykes says we have old passenger coaches we put in that train. I never have heard anybody complain about sleeping in a passenger coach.

Mr. DE RICQLES. We shipped this year 12,000 cattle to market, having an average haul of probably 1,000 miles. Our shipments would not average over 1 man to 25 cars, and if any man in our employ abuses any of these transportation privileges he gets discharged.

Dr. S. W. McCLURE. Now, as to the reports we get on the receipts of live stock at the various yards: I want to know who sends out the reports; how accurate those reports are.

The CHAIRMAN. I think that will lead to a great deal of discussion. As it is about 5.30 I think we had better reserve it until to-morrow. I want to ask whether any persons have any announcements they want to make that should be considered between now and to-morrow morning.

Hearing none, we will stand adjourned until to-morrow morning at 9 o'clock.

MORNING SESSION.

NOVEMBER 16, 1915.

(Called to order by chairman at 9.30 a. m.)

The CHAIRMAN. Our discussion yesterday, in part at least in the morning, got a little away from some of the more important subjects. It is only natural that that occurred, because these are delicate problems that you are facing every day, and as a consequence when you arise you want to discuss them. I hope we can keep a little closer to the bigger questions to-day, and I certainly appreciate the assistance you have all given in the matter as far as we have gone. I think this morning the first thing we will hear will be Mr. Watkins's discussion of the problem from the standpoint of the traders.

PROBLEMS OF THE TRADERS.

Mr. WATKINS. Gentlemen, when I was called upon yesterday to make a talk in regard to the yard traders I was unprepared. This is a conference in which I can be truly neutral, as I have interests similar to almost every interest on the floor. I am a farm owner and feed stock every year for the market. Some years I make money; some years I lose. This year I lost money. I am a stockholder in a

small packing plant also. I am sure I will receive large dividends this year. For several years I was in the commission business and am familiar with all their trials and tribulations. I have shipped many a car of cattle from our market to other markets, and know all about the thrill of late arrivals and big declines and big shrinks. I do not own a feeding station, as does our friend from Nebraska, but I have a farm about 5 miles from our market, and this season I have been consistently successful in hitting the market on a decline.

The traders, too, have their troubles. I will cite one instance. Just about a year ago at 2 p. m. on a Monday, after the traders had loaded up with all the stock cattle on the market, the Government ordered our yards quarantined on account of the foot-and-mouth disease in the northern part of this State, and demanded that all cattle in the yards be sold and slaughtered in a very short time. Does it not seem the Government was more considerate of the farmer than of the trader when issuing this order at the moment when the stock had been transferred from the farmer to the trader? The farmer who was found with diseased cattle—I am talking about the foot-and-mouth disease, caught with the goods—was paid for his cattle, but our traders, with healthy cattle in the yards, not even to this day have had a case of foot-and-mouth disease, were forced to sell their cattle as cannery, and not one cent of recompense has been received. It seems it would be well for the Bureau of Animal Industry to get closer to the live-stock interests and to consult with them before issuing some of these peremptory orders. That is all right to give you a dig, is it not?

The CHAIRMAN. That would be more pertinent at the conference on foot-and-mouth disease.

Mr. WATKINS. I came here as a representative of the Traders' Live Stock Exchange at National Stockyards. We deal on the open market, buying as cheaply as we can, and selling as high as we can. While the traders are members of one association, they are all competitors when it comes to buying and selling. The traders formed their exchange to better the trading conditions generally; to eliminate the crooked dealers; to encourage more gentlemanly and business-like dealings; also to discourage quite a disposition on the part of some commission men to trade in cattle instead of devoting their efforts to the commission business.

Is the trader an essential or is he a parasite feeding upon the shipper and farmer? He is, in my opinion, essential to all large markets. He takes care of the surplus when there are no farmers on the market to buy. If there were no traders there would be a spasmodic market. The farmer can usually buy just the kind he wants to a better advantage from the trader, because he can go into his pen and sort out lots as suit his fancy. He often sells his cattle for less than they cost, and when loaded with cattle he spends time and money telegraphing for buyers. He can close out each day and remit to his shipper. The yard trader is no more of a speculator than the meat trader who buys and ships to the market. He is just a middleman, as your grocer is—a retailer striving to make money. None of us has grown rich and most of us have a hard time to make a decent living. The trader is essential to the market.

The CHAIRMAN. Mr. Watkins's presentation was so brief that I will be glad to allot about 10 minutes, if you desire it, for a discussion of the question. Is there anyone with a point of view to the contrary who wishes to discuss the question of the traders and speculators? This is a question on which there are two sides, just as there are to every question, and it is perfectly proper to present both of those sides if there is anyone present who wishes to do so. If not, we will proceed.

A gentleman told me yesterday there were no, or almost no, producers present. I know a few were present. One of these gentlemen has come from Colorado, where he is a producer and where he has given considerable study to the problem of the small producers. I am going to call on Mr. John Grattan, of Colorado.

THE PACKERS.

Mr. GRATTAN. Gentlemen, it is not that I have anything to say that the chairman has called me up here, but he is insistent upon knowing whether or not I can make a speech. I am a producer and secretary of the Colorado Live Stock Association.

I am very sorry that our friends whom we are undertaking to deal with in this matter have not put in an appearance. I was in hopes when coming here that we would be able to meet the packers and hear their side of the story. I have prepared no speech. I have nothing to say in the line of direct evidence that would convict the packer before a criminal court. I have no proof of anything more than what is known to the world generally, and the world generally knows that the entire live-stock industry is subject to the wills and whims and desires of a very few men. We know that. Every man in this house knows it. A million producers know it. A million producers are subject absolutely to the control of four or five men, who not only control the destiny of all of these people in America but control the destiny of the live-stock industry, and they control the men and women and children depending on that industry probably over the entire world to-day. You know that. Is that a healthy condition? Is it a thing that the people of this United States desire, those people who wish to see the development of this country? I am interested in the producer. I am interested in the millions, not in the few.

The packers are amply able to take care of themselves. Their financial success has proven that. We say this is a free country, that we have all had the same right to go into the packing business, and we all have to a certain extent, or our fathers might have had, but my grandfather did not go into the business so I am a child or the grandchild of the unfortunate, and I am not responsible for what my grandfather might have done. But we have children coming and grandchildren coming, and we have ourselves, our wives and our own children. Now, these are facts, and there may be some sentiment connected with it. This world is not all a cold-blooded, heartless thing that a man wishes to figure out in dollars and cents. We are seeking for the conditions that will give us something besides the dollar. I say that I can prove nothing that would convict anybody before a court. I can say something, have said some-

thing, which will convict people before the court of right and justice, and equality. What can we do? We know these conditions. They have been proven here by this assembly, by the world generally, and there will be more of it.

What can we do to remove these things so that three or four men can not dominate, can not exercise absolute monarchial power over a million people, and determine their destiny from a financial stand-point? I was in hopes that the Department of Agriculture, or the Department of Justice would submit some remedies. My remedies might be considered socialistic, and of course anything that is socialistic is unpopular to the average business man. It is acceptable to the man who is a failure in life. One thing that we are seeking, one thing that certainly would be an advantage to us, I believe, under the conditions, would be more packers, more markets. Some quite disagree with that. Some people say that the large central market, with the concentration of production, and so forth, is the best thing for all, and we know it is up to a certain point, but it is a question though that they do not get beyond the point of greatest efficiency. If these people have got beyond that point, the producers and consumers are paying for that inefficiency, because they have got too large.

It would seem that a remedy for the encouragement of the smaller men would be to encourage more stock yards, and so forth. We do not wish to break down; we do not wish to tear down; that is bad. The packers have already built up, and if we tear down, if we break it up into fragments that is destruction. If the small packers could build up in the face of this gigantic power which they are feeling to-day, it would mean a diminishing of the powers the packers now have. I suggested to some one that we have a minimum price. This will startle you. There is not a product that you buy to-day but what the price is established according to the cost of production, but there is not one of you gentlemen connected with agriculture or a farm on whose product the price for which you sell it, the cost of production has anything to do with the price. It is a peculiar thing that you are the only class of people the price of whose product is so arranged to-day. The suit of clothes is so much because it costs so much to make it. The shoes, the chairs, the table, etc., cost so much to produce, and the selling price is made accordingly. But with the steer it doesn't make any difference what it costs to produce it, or the bushel of wheat, it is sold for what the fellow who buys wants to pay for it. It would be fair and equitable if we could sell for something like what it costs us to produce things.

We talk these things all over here and something is going to come out of it. Something good is going to come out of it, whether I suggest a remedy or Mr. Brand or somebody else suggests a remedy. We don't have such fluctuations in wheat. I have wheat in the bin at home. Yesterday I had a couple of carloads of lambs on the market at Omaha, but my lambs flopped 40 cents overnight. Why? Three or four men control the lamb market and manufacture the lambs into meat, but a thousand mills grind the wheat. Here are a thousand outlets for wheat, little mills that make it into flour. When did it ever go up; when did we ever have any such violent fluctuation in wheat overnight? When it was controlled by one man.

We see the simile between the rapid fluctuation and the small centralized control of a product, but outside of that it varies according to supply and demand, and what people think, and sometimes what the Government sends out in their reports of what they think is on hand.

Now, gentlemen, I hope this subject will be well aired, and those people who have concrete examples of experience are the ones I want to hear from. I have talked with commission men, with everybody, and Mr. Brand knows it, of course—could not help but know it—and I hope that the special grievances will be aired and that we will keep thinking along this line until we have accomplished something, because here is our destiny. Only a few years ago we learned on the farm that the question of production was only half of it. We can grow the wheat; we can grow a fine animal. The colleges have taught us how to grow a nice steer or a fine lamb. What difference does it make how nice a steer I grow? That does not make any certainty how much I shall get for it. I would just about as soon play the board of trade as to raise wheat or cattle. It does not take anywhere the amount of money to handle this wheat business on the board of trade. You can go in and buy this stuff on a small margin, but when you put your lambs in for six months it requires capital and expense, and I advise, in all common sense, to quit the feeding business, and go to speculating on the board of trade in wheat.

The CHAIRMAN. I would feel just a little more comfortable if speakers would not ascribe to the chairman quite so much knowledge. I have heard all of these things said, and I realize that there must be some basis for the belief, but if the things stated were so positively the truth and so much the truth, without any opportunity for opinion to the contrary, I do not believe that Congress would tolerate the condition. I believe that we have indirections, some abuses, some misunderstandings, and things of that sort, but I can not believe that our whole machinery has grown up wrong. I feel that what we want to do is to try to find some way to improve what we have. I think that is Mr. Grattan's spirit, to improve what we have, and not to destroy it. He made that quite clear. I have heard it stated that the control of the big packing interests, so far as volume is concerned, did not relate to the major part of the product. I wish that some one, if there is anyone present who has some figures on that subject, would present a statement showing how the product is distributed by the large packing plants and the smaller packing plants. I do not think the simile of the flour mills quite covered the subject, for there are a number of small packing plants over the country.

Mr. DE RICQLES. You want to know what proportion of the packing is done by the large packers?

The CHAIRMAN. Yes.

Mr. TOMLINSON. Why not let the packers furnish that information?

The CHAIRMAN. Is Mr. McCarthy here, or Mr. Agar? If they could furnish statistics on that, I think it would be very good to have it now. I feel when statements are made on which there is a chance for a variety of beliefs that it would be well worth while to have both sides presented.

Mr. HARRIS. I think Mr. Tomlinson can give you that information.

Mr. TOMLINSON. No, Mr. Chairman; I can not give you that information. I think it would be well to have the packers give that information. They own a large number of plants. The volume of their slaughter is in their own control. The only way to have this information accurate would be through the packers themselves. The Bureau of Animal Industry have it, but not segregated. There have been a number of estimates on this, and it is contained in a pamphlet entitled, "Marketing live stock." We can furnish our estimate of it, but we prefer to have it with more exactitude.

The CHAIRMAN. A number of the speakers have read papers, but not all of them have submitted the papers that they have read. I think it would be highly proper to submit in writing statements that have been prepared, and if some of you have referred to publications that you also submit them, that they may be incorporated with the record.

Mr. DE RICQLES. The ownership of a railroad does not need to own all of the stock to control it. If they own 25 or 30 per cent of the stock, sometimes their power is sufficient to elect a board of directors, and that is the case with the packing business. Of the 12 markets I mentioned yesterday, Kansas City, Omaha, and St. Joe are the leading markets from the price-maker's point of view of the cattle in the United States, and for a great many years Chicago has been the price maker for those markets which dominate the rest of them. It might be safe to say that 90 per cent or more—not less than 90 per cent—of the fat cattle that go to those markets are killed by the packers. Those are the cattle that make the price in the United States, whether it be in Portland, Oreg., or Portland, Me., or New Orleans, and that is the situation—by the control of a point like Chicago which is a price-making center the rest of these markets follow, and then the price of the product throughout the country is based on these quotations.

Mr. BURKE. In regard to the proportion of live stock, particularly cattle, that the packers of five large concerns are handling, I do not know as I can give you any information right up to date, but by going back to 1905, when Mr. Garfield, then Commissioner of Corporations, made his report after very exhaustive inquiry into the matter, I can give you the figures at that time, and then from that time on we know that the increase in the business of the packing concerns—the five packing concerns—has been very much more rapid in its amount than the increase in total slaughter; so that, if the figures that apply in 1903 could be applied now, this would be largely increased at the present time.

I will read now from an address on "Concentration" which I made in Denver on January 21, 1914: Back in 1905, when our Commissioner of Corporations, Hon. James R. Garfield, made his report on the beef industry, it was estimated that the six largest packing concerns, including the National—of course the business of the National has since been absorbed by three of the other large concerns, Armour, Swift, and Morris—that the business of the six largest packing concerns, including the National, slaughtered 5,500,000 cattle, exclusive of calves, for the year 1903, equal to 45 per cent of the total slaughterings in this country, of which the National handled approxi-

mately 8 per cent, leaving 37 per cent to the other five concerns. The same authority states that these concerns slaughtered at that time nearly 98 per cent of all the cattle handled at the eight leading western packing centers.

Just as Mr. de Ricqles says, the prices at these market centers determines the prices throughout the rest of the country. I think perhaps it would be of interest to read a little further in this report on concentration, because it rather follows the matter down through the years and shows how the packers have increased their proportion of the business.

In 1904 the largest concern of them all, with a capital of \$35,000,000 at that time (it has been increased to \$75,000,000 since), did a business of which the total sales approximated \$200,000,000 and the annual profits \$3,850,000, or not quite 2 per cent of the total volume of business. For the year 1913 the business of that same concern, with a capital of \$75,000,000, according to its annual statement just published, amounts to \$400,000,000, representing a slaughter of over 10,000,000 animals, with a net profit of somewhat over \$9,000,000 (approximately 90 cents a head), or $2\frac{1}{4}$ per cent of the total volume of business. Now, since that time, as I remember, the business last year was \$425,000,000, with a profit of slightly over 2 per cent. The profits were larger last year than any previous year.

Eliminating the National Packing Co., which was wholly absorbed by three of the other five concerns, it is both interesting and significant to note that the five concerns referred to above have since 1903 grown relatively at about the same rate, so that now the second in importance has an output of over \$350,000,000, and the smallest has a yearly output of at least \$100,000,000, or fully double that of seven years ago. Now, this hundred million refers practically to Cudahy and the Sulzberger people; the \$350,000,000 refers to Armour.

While this increase of 100 per cent in the business of each of these companies has been taking place one might naturally suppose that the total supply of raw material—that is, the live stock in the country—had correspondingly increased. Such is not the case. Strange as it may seem, the opposite has taken place. According to the Department of Agriculture the aggregate number of cattle, sheep, and swine in this country on January 1, 1904, was 159,688,000 while on January 1, 1913, the aggregate was 169,187,000, an increase of 9,499,000, or 6 per cent in numbers; but, if figured in pounds, the supply on January 1, 1913, would be actually less, as the number of cattle which constitute the bulk of the weight has decreased from 61,000,000 to 56,000,000, while sheep have just about held their own, and hogs have made a big increase, from 47,000,000 to 61,000,000. The decreased weight in cattle slaughtered would further reduce the supply of raw material.

The CHAIRMAN. Is not a great deal of that material already in the record? I am impressed that some of the figures that Mr. de Ricqles gave cover some of those points.

Mr. BURKE. I am simply developing the proportion of cattle slaughtered in this country. My argument follows right along. Of course, if you think it is not relevant—

The CHAIRMAN. I merely question whether these figures had not already been given.

Mr. BURKE. Now, for the significance of these figures. It has been shown that, while the supply of raw material as a whole has not been increasing since January 1, 1904, the amount of business transacted by the five great packing concerns and their subsidiaries has increased 100 per cent.

While there has been this tremendous increase in slaughterings by the five concerns the slaughterings for the entire country have remained practically stationary, as the supply of live stock has not increased materially since 1904. Just what percentage of the total slaughtering for 1913 should be credited to the five concerns is rather hard to determine, but from data we have the proportion of cattle slaughtered by them is approximately 50 per cent. It was 45 per cent away back in 1903, according to the Garfield report. If their business has been increasing rapidly at 100 per cent in volume, and the supply has not been increasing in anywhere near the same proportion, it is perfectly certain that their proportion of the total slaughterings is enormous. Of course, we know that the price has also rapidly advanced. To cover that point I make the statement here that in order to increase their gross output 100 per cent, when there has been an increase in price of raw material of 50 per cent, the five concerns must have increased their supply of raw material by $3\frac{1}{3}$ per cent. And raw material means cattle, sheep, and hogs. I guess I stated that we figured out sheep as 55 per cent.

This is illustrated by interesting data given out by our Department of Agriculture, showing that of all the animals slaughtered in the country under Federal inspection during the year ending June 30, 1910, the six largest concerns, including the National, slaughtered approximately 71 per cent of the cattle, 57 per cent of the calves, 50 per cent of the hogs, and 68 per cent of the sheep. To sum the matter up, there can be no doubt that the five large concerns are now actually doing a larger proportion of the slaughtering and packing business than the six concerns, including the National, were doing in 1903.

Mr. BAYLISS. To be fair to the packers, Mr. Chairman, are we to understand that all this increase in business just quoted relates entirely to the packing business proper; that is, in the line of meat supply? We know in the retail business that the packers have gone into various other lines in the last 10 years, which may have increased their volume of business, or doubled it, without the percentage of their business having increased along the lines as we understand it. That is, for instance, they have gone into the fruit canning business, grape juice and poultry, and thousands of other lines. Their business might be doubled and still not be confined to the cattle and hog interests. The figures quoted would lead us to believe that all this increase has been in the line of the animal industry.

The CHAIRMAN. Yes; that is as I understand it.

Mr. BURKE. That is my understanding of it, that it is the live stock and allied industries. Of course, I do not think that refers to grape juice, or pineapples, or anything of that kind.

PRICE FLUCTUATIONS.

The CHAIRMAN. There are certain subjects which have come up for discussion or have been presented relating to which it seems to me

that we should try to make some constructive suggestions. One of those is the question of price fluctuation. Now, we have heard a number of complaints about fluctuations, and we will probably hear some more, as this is a matter of great interest and importance. Mr. J. H. Mercer, secretary of the Kansas Live Stock Association, has prepared a statement regarding price fluctuation, and I hope Mr. Mercer will in the course of his paper make some suggestions that can be considered and discussed of some practical means of avoiding the sharp fluctuations in short periods of time.

MR. MERCER. On behalf of the Kansas State Live Stock Association, and the beef producers of Kansas, we desire to thank you and Secretary Houston for calling this meeting. It is self-evident to me at least, and I think to every intelligent man here, that it is not hard to tell who the fellow is that is on the losing end of the game at this time. I apprehend if prices were good and the country producers were making good money that we would hear the same kind of talks from them that we do from the other representatives of the interest here. I would take it, on listening to the statements here, listening to the statements of the representative of the carrier, Mr. Brooks, the railroad companies are doing very well, and about the only complaint they have to make is some of the legal restrictions placed against them in requiring them to unload their cattle in transit, etc., thereby delaying them from perhaps collecting their freight one day ahead of time, which is always steady at all times. I would also take it that the service rendered by our stockyards people is very good under their modern improvements, and that the yardage charge and the feeding charges are also steady, and no fluctuations existing. I would also take it from these statements and speeches that the commission merchants are not having a great deal of trouble. About the only trouble they have is to try to satisfy their customer why he had to take a less price to-day than the day before, or last week, and if he had been here certain other times he would have got a better price. I would also take it that the bankers, from the statement of Mr. Newman, from Kansas City, are having no trouble in collecting their interest. It appears also that the gentleman from Nebraska, who is operating a feeding station over in that State, is having no trouble in collecting his feed bills, and that he is receiving a reasonable return on the capital invested. I might add here that in my opinion the gentleman is not in line with what he ought to be doing. I believe that he ought to be on the advertising column of one of the best papers in the country. He has surely advertised his business well. I also take it that the speculator is not having a great many grievances. Perhaps the greatest trouble that he is contending with is how to get the better fill on the cattle and how to water his stock.

Now, gentlemen, we are here to discuss these things with you as a producer, and what I have to say to you is based on conditions as they exist among the meat producers of the State of Kansas. I have not gone outside of our State to get any information. On the 6th of this month, when I had matters arranged so I could attend this conference, I set about to get some information on the subject that our president has mentioned, "fluctuations in live stock at market centers." I first took up the proposition of going back six months at the Wichita market, and also at the Kansas City market, and getting

the daily record from the two papers, and I apprehend, after hearing the statement of Mr. Neff here, that our report from Kansas City, at least, is absolutely accurate. Therefore, what we present to you, gentlemen, are facts that we have obtained on investigation.

On the same day that I undertook this investigation I wrote out to the different stockmen in Kansas, members of our association, men who handle stock by goodly numbers, and asked them to give me a history and a record of their actual business during the past six months, taking from the 1st of May down to the 1st of November. I not only received a large number of replies to these letters, but I saw a great many of the men in the State of Kansas that I am acquainted with and talked to them concerning this proposition. I will not weary you with reading all of these letters. The information that we gained at the stockyards I will present to you later. At this time I want to read to you two or three of the letters that I received from the representative stockmen of Kansas, whom I presume a good many of you know at least, who handle stock in goodly numbers and are no agitators and are not knockers on any fair proposition. This is a letter from Hutchinson, Kans., under date of November 8, 1915:

Mr. J. H. MERCER,
Secretary Live Stock Association, Topeka, Kans.

DEAR SIR: In reply to your letter of November 7, wanting information in regard to the fluctuations in the sale of cattle shipped by me this year, believe you will find the sale of about 1,000 4-year-old steers will illustrate. These were all sold on the St. Joseph market. I will not give the weights on each bunch, as they were practically all the same, weighing from 1,210 to 1,250 pounds. This bunch of cattle was in one straight, marked brand, very even in quality and flesh. The last bunch sold weighed more than the first bunch and perhaps were in better flesh than the first bunch shipped by me. I shipped as follows:

Date.	Head.	Price.	Date.	Head.	Price.
Aug. 18.....	66	\$8.40	Aug. 27.....	88	8.05
Aug. 23.....	110	8.10	Aug. 30.....	110	7.90
Aug. 24.....	132	8.05	Sept. 1.....	114	7.65
Aug. 25.....	110	8.05	Sept. 23.....	106	7.35
Aug. 26.....	110	8.05	Sept. 29.....	68	7.30

You will note there was \$1.10 and \$1 difference in the price of these steers from August 23 to September 29.

I might give you the weights of the first bunch shipped, that sold for \$8.40, which was 1,205. The bunch of 66 head shipped on September 29 weighed about 1,230.

Hoping this is the information you desire, I am,
Yours truly,

PET NATION.

THE H. G. ADAMS RANCH,
Maple Hill, Kans., November 10, 1915.

Mr. J. H. MERCER,
Secretary Kansas State Live Stock Association.

DEAR SIR: Replying to yours of November 6. Below is list of corn-fed fat steers which I have shipped during the last three weeks. These were all the same brand of cattle and all in about the same condition as to fat and quality. Between October 18 and November 2 there was a difference of 90 cents per

hundred in the selling price. There has been no change in the retail price of beef at the local market in the last three or four years.

Date.	Head.	Sold in—	Price.
Oct. 18	120	Kansas City	\$8.75
18	100	St. Joseph	8.75
19	121	Kansas City	8.65
19	80	St. Joseph	8.65
20	60	Kansas City	8.65
20	40	St. Joseph	8.65
25	120	Kansas City	8.05
25	60	St. Joseph	8.15
26	42	Kansas City	8.05
26	42	St. Joseph	7.90
Nov. 1	42	.....do.....	7.95
1	63	Kansas City	7.90
2	82	St. Joseph	7.85

Yours truly,

H. G. ADAMS.

JONES & JONES, LIVE STOCK DEALERS,
Lebo, Kans., November 10, 1915.

Mr. J. H. MERCER.

DEAR SIR: Your letter of November 6 at hand. Have been away from home, accounts for the delayed answer.

Am glad to give you some information in regard to fluctuation in the market of our cattle in the last two weeks, for which I can see no reason.

On November 1 we had 69 cattle in Chicago that sold for \$9.25, weight 1,147.

On November 8 we had the same cattle, only fed one week longer; sold them in Chicago for \$8.40, weight 1,125.

These cattle were absolutely the same.

On November 1 we had 52 cattle in Kansas City; sold for \$8.35, weight 1,103.

On November 8 in Kansas City we had some of the same cattle, only a little heavier, sold at \$7.95, weight 1,147. Five carloads.

As to our meat market, it's steady every day.

As to a feeding proposition, it looks as if we will have to quit, as when the market fluctuates from 40 to 80 cents per hundredweight in one week it is too uncertain a business. These are sales of our own cattle and I know of hundreds of other sales that are fully as bad.

Our cattle are all one straight mark and brand, were all put on feed the same day, and were not sorted.

You may use my name if it will help you in any way.

These are facts and I can prove it.

Hoping that you have good success, with kind regards, I am,

Respectfully yours,

WALTER S. JONES.

Gentlemen, I have, I guess, about 40 letters of similar kind. Some of them have set forth their actual loss per head; some of them have gone back during the time when the market was better, along in July, and stated that at that time they made an earning, or a profit rather, upon their shipments. Later on they sustained heavy losses on the same class of cattle. They were heavier and better by reason of their longer feed.

On the same day that I wrote to these men regarding this matter I transmitted a letter to the five packers, outlining to them just what I was doing, and what I would like to have, so far as the fluctuations now relate to the finished product of their concerns. I have two letters here from two of these packers that I will read. I also have a telephone message from Mr. Cudahy, advising that the time was

too short for him to compile the statistics desired, and that they would have a representative at this meeting.

ARMOUR & Co.,
Armour Station, Kansas City, Kans., November 10, 1915.

Mr. J. H. MERCER,
Secretary Kansas State Live Stock Association, Topeka, Kans.

DEAR SIR: Referring to your favor of the 6th, our heavy sales of dressed beef are in the larger cities of the East and our records of these sales are kept in our Chicago office. It is our understanding that we will be represented at the conference to be held in Chicago November 15 and 16 and will furnish any general information that may be requested.

Yours truly,

ARMOUR & Co.,
C. H. HODGE.

THE FOWLER PACKING Co.,
Kansas City, November 10, 1915.

Mr. J. H. MERCER,
*Secretary Kansas Live Stock Association,
Topeka, Kans.*

DEAR SIR: Answering yours of November 8, we beg to say that this company does not kill cattle, sheep, or calves. All orders for pork product come from Chicago, and record of orders are kept in Chicago, therefore we are unable to give you the information.

We believe our people will be represented at this conference and will doubtless have the data that you desire.

Yours truly,

THE FOWLER PACKING Co.,
D. O. CUNNINGHAM.

Now, gentlemen, with reference to the information that we received in the investigation at the stockyards at Kansas City and Wichita, we gathered statistics on cattle and hogs at Wichita. They handle a few sheep at that point. During the six months' time, commencing from the 1st of May, down to the 1st of November, but a very few days was the market reported steady. I believe at Wichita there were 15 days in the six months time that the market was reported steady on hogs, and seven of those days were on Saturday, when there were no receipts, and on sales of stock carried over from the day before. Cattle were similar. At Kansas City it was slightly different. Something like 32 or 33 days of that six months' time at Kansas City the market was reported steady, and about half of those days were Saturdays when the supplies at the market were very small, and not much of a market, as you know.

We expect fluctuations; we expect daily fluctuations at the market centers on our products, but what concerns us is what brings about those violent fluctuations that cause men to go broke in one day. That is the information that we are endeavoring to seek at this time. I do not know, and a large number of men in the State of Kansas with whom I have talked do not know, and we are here to-day to devise ways and means, if possible, for you who represent other interests of the product, to eliminate those conditions. We would like to know, and have some one tell us, and I hope that the packer who said he will be here will tell us, and we want him to, because we are his friend; we are not saying anything contrary to his interest at all; we need him. This is an established condition in this country, and in my opinion it will never be very different from that while we continue to operate in the live-stock business as we are to-day.

We want to get away from the disagreeable things that we all have to contend with, and as I said a moment ago, I believe that if the producers of the country to-day were making money, that there would be very few of us here, if any, and if we were here we would give you a nice little talk as our friends on the other side have done at this conference. It is not the case. The men who produce the beef of this country to-day are losing money, and it is no trouble to prove it. Therefore, we want to eliminate the condition that is bringing this about, and we believe that the packer can give us some information on this subject. We want him to tell us, or we want some one to tell us why in three days' time on the 19th, 20th, and 21st of October, the hog products of this country would decrease \$1.45 as reported by the Drovers' Telegram at Kansas City, and \$1.25 as reported by the Wichita Stockman, at Wichita. Are there any abnormal conditions prevailing in this country that would warrant that? There is no panic on, and at this time, in my judgment, the packers who are here to-day well know that I have written them on this subject, that I believe if there ever was a time in the history of men that men ought to be reaping handsome profits it is now, under the conditions that are prevailing throughout the land. I believe it. I may be wrong. I am only a man, and have certain opinions, but other products of our country are reaping handsome profits.

I can not solve the proposition. I can not give you the information why these things exist, but they do exist, and we believe there are men here, representatives of the packing industry, who can help, and we believe they ought to come forward and assist us in eliminating those conditions so that the people who are interested in the production of these things can go on and do the same thing. I know hundreds of men in our State, little producers, that have lost their homes in the last three years. Men that handle cattle by the thousands have lost thousands of dollars, but their resources were able to keep them in the business, and I know that Mr. Newman could tell you, and bankers could tell you, that little bankers over the State of Kansas at least are apprehensive about extending credit to a good and honest man who has gone broke in the cattle business the last three years. These conditions ought not to exist. Of course men speculating go broke on every proposition, but the conservative man who handles from 100 to 200 cattle in this country ought not to go broke under such conditions and lose his home. Conditions are wrong. I am not here sounding any alarm, but I am begging of you men who are interested in this business to consider it.

I believe certain channels of the live-stock business to-day are prosperous. There are many things I could tell you that the feeders are careless about. We will not discuss that. They buy their cattle too high, and they have got to go up against the conditions they meet, and let us remedy that if it is necessary. Let us get at those things. Everyone interested in these lines of business ought to lend a helping hand.

I will not detain you long. These things have been discussed, but the three propositions that present themselves are these violent fluctuations on these markets the past few months on cattle and hogs; why ought we not now be receiving better prices than a year

ago under less receipts and under the conditions of our country, and why and how can we have a better market by extending it over three to five days, rather than two? That is the subject I would like to hear discussed here. I hope, gentlemen, and I hope, Mr. President, we will not drift away from these important facts and get on to the caboose proposition or the feeding stations in Nebraska. They are not germane to any great extent, but the great proposition that we are contending with to-day is the proposition of how we can produce this foodstuff without a loss to the man who produces it.

PUBLIC UTILITIES.

Mr. GRATTAN. There is one thing I wished to say in my speech which I forgot. I wish to offer something instructive and that I think is valuable. That is to make stockyards over this country public utilities and put them under the control of the public utilities commission. Nearly every State has such a commission, and those stockyards can be made by legislative enactment to come under the control of this commission, and they could regulate prices and improve a good many other things that come up in the matter of stockyards management. I tried to get such a law through our last legislature in Colorado, but failed. I think that is practicable and should be effective.

Dr. S. W. McCCLURE. I want to ask some one who has been down around the stockyards if it is a fact that the price of lambs dropped yesterday 40 cents a hundred while this meeting was going on?

Mr. SYKES. I could answer that question indirectly. Last night I met a friend on the street who had lambs from Iowa yesterday, and he said they called the market 25 cents lower.

Mr. TOP. Mr. Mercer has proposed three questions for some one in the house to answer. We do not think anyone can answer them as well, perhaps, as the packers. To what are the violent fluctuations due? Why are cattle selling a dollar a hundred less than last year? I think if we confine ourselves to these questions we will get on much better than by discussing outside questions.

Dr. S. W. McCCLURE. We hear it around the stockyards, and stockmen generally believe, that the packers have access to the railroad-car orders, and that they know for weeks ahead the time of shipment and exactly how many cars are ordered for shipment on a certain day. I don't know whether that is true or not, but we stockmen believe it is true. If it is true, it gives the packer a tremendous advantage over the shipper, and I would like to ask some one who knows, whether or not they have access to the car orders of the railroads.

The CHAIRMAN. I thought it would be wise to discuss certain topics which I have put on a card since last night, and I want to give you those topics. One is the question of the five-day market, which I think probably has an intimate relation to the second, which is price fluctuations. Another is the question of advance car reports.

We do not know whether any men have that information and are using it to their own advantage. Can we not consider it as a question with which all can cooperate? I must confess when Mr. Cutler made his remarks yesterday afternoon I thought that possibly here is an agency that can be utilized to assist in this situation. Now, I

think if we can discuss those three and rather omit the one as to why there is such a difference in prices between last year and this year, that it will be a good trio and just as good as the other. I think those changing market conditions are difficult to explain and possibly we will not be as well off as by tackling these three.

Mr. DE RICQLES. Will you read them again please.

The CHAIRMAN. The question of the five-day market, price fluctuations, and advance car reports.

THE FIVE-DAY MARKET.

Mr. McCARTHY. Perhaps some of you may have thought that we have not taken much interest in what has been said here, but we have. In our brief review at this time we are of the opinion that this two-day market condition is the most serious thing with which you have to contend. It is largely responsible for these so-called violent fluctuations—that is, feeding the market too heavily on certain days, and not at all on others—and I want to say that in canvassing the sentiment among the packers, we are absolutely with the proposition of a five-day market, if you can find a practical way of working it out. It may steady the market in a great many directions, and we are just as anxious to have a steady market as you are, because it is no business advantage for the packers to have a violently fluctuating market any more than it is for you. If we can work out a way of accomplishing it you can be sure of the support of the packer on a five-day market.

Mr. SYKES. Why is it that the commission men who are intimately in touch with the packers and with the buyers, why is it that they advise us against being here on any of these off days?

The CHAIRMAN. I think their experience has proven that under the present condition usually better results are obtained on the days on which they advise to ship. I think what we want to do is to ask Mr. McCarthy to make some suggestions, and we will call upon others to make suggestions as to how we can arrive at such a result. What steps are practicable to bring this about?

Mr. McCARTHY. I would suggest that this question be very carefully considered by the chairman and by the Department of Agriculture. I don't believe it is feasible under our present laws for you to regulate the flow of commerce. If it is done by the producer or the packer or the railroads or anybody else somebody is going to get into trouble under the laws regulating the restraint of trade, but if it is the desirable thing to do it seems to me the Department of Agriculture should consider this question, and tell us how to keep out of jail.

Mr. M. L. McClure. This matter I understand was taken up at one time by the Chicago Live Stock Exchange. I remember seeing an advertisement in the market paper at Chicago, advising patrons of that market to ship on five days, or four days anyway. I believe that that effort was made with the assistance of the packers of Chicago, and if there is any man here from Chicago, I would like to hear from him why that did not succeed.

The CHAIRMAN. I think that is a good point. If that attempt has been made let someone tell us what difficulties were met.

Mr. JERREMS. I wish to state that at the Chicago market a determined effort has been made more than once to establish a five-day market, not without success temporarily, but ultimately with utter failure. We have with us to-day at least two men who actively handled the proposition, and I believe they are in possession of facts that will give you their experience in attempting to establish the five-day market. I believe that Mr. Bowles can give you much information along that line.

Mr. BURKE. I beg to take issue with the statement made by Mr. McCarthy in regard to its being to the advantage of the packers to have a five-day market. I think the question is: "Who is the beneficiary of the present two-day market; who reaps the big harvest?" It certainly is apparent to all that when the big declines come is when we have heavy receipts, and the packer buys the great proportion of his cattle on those big declines, and that he buys a comparatively smaller proportion of his cattle on the days of light receipts. I contend that the packer is the sole beneficiary of this, and if he had acted in good faith I think the thing would have been successful.

The CHAIRMAN. Can we not eliminate the question of good faith?

Mr. BURKE. No; I don't think so.

The CHAIRMAN. I do not like to feel that we can not attribute to the other fellow good faith in the matter. I think we will get much further, as I said in my introductory remarks yesterday morning, if we tackle it in that spirit. [Applause.] I prefer to have no applause; this is a question of trying to get results.

Mr. MERCER. Referring to the gentleman's statement with regard to being in accord with the five-day market, but that certain conditions existed whereby there might be restrictions, would it be illegal for the packers to give out some information to the exchanges who are surely interested in their shipper regarding about what amount of stock they might need during the week, and have the exchange, the commission merchant, advise his customer not to bring all the cattle he had, but to bring a certain amount? Would there be anything illegal in a proposition of that kind? I am just presenting that proposition and ask for information on the subject.

Mr. McCARTHY. It is just in line with that kind of remarks that we make the suggestion to the department. We have said the packers will cooperate, but we want a plan to cooperate. We want the department to work it out. You do not expect the packers themselves to work out a five-day market, but our neutral friend in the chair can perhaps work out some plan.

The CHAIRMAN. We are asking that you help make the suggestions.

Mr. DE RICQLES. We have been trying to help in establishing a five-day market for large shipments, and we have talked it over and have come to the different markets in these days to try to help out. Our last experience was with 1,300 cattle. Our cattle on Tuesday brought 20 cents a hundred less than on Monday, and we only got one bid. As Mr. Burke said, that is the reason why the receipts are not more evenly distributed. It is the experience of people that they don't get as good a price or as much competition as on other days.

Now, if the buyers will try to pay uniform prices five days in the week and come out and buy their cattle on Thursday morning instead

of waiting until 1 or 2 o'clock, it is going to do more than the Department of Agriculture or any one of us can possibly do.

This matter of car business which has to do with the receipts on these days—you are perhaps familiar with the new Interstate Commerce decision against the law to give people information about other people's business. So far as my experience in the live-stock business is concerned I am absolutely opposed to and will fight any proposition that will give other people information about what I am doing.

Mr. SYKES. I think Mr. Bowles can give us information on this subject at this time.

The CHAIRMAN. Will you sketch briefly your experience with the attempt to establish a five-day market?

Mr. BOWLES. We worked faithfully and hard on this five-day market, as the commission men were a unit, and I believe that it would remove these violent fluctuations caused by oversupply. We went to the packers, each and every one of them, and I would say for your information that they assured us that they would support the five-day market. We went further and figured the value of stock on Mondays and Wednesdays compared with Tuesdays, Thursdays, and Fridays, and from the figures we obtained there is a better average, more dollars go back to the country, on Tuesdays, Thursdays, and Fridays than on Mondays and Wednesdays, my friend in the front to the contrary notwithstanding.

The CHAIRMAN. That applies even to the present conditions?

Mr. BOWLES. Yes, sir; we failed; but in what respect did we fail? I am going to tell you. It was because of the railroads. The railroads will run trains Saturday through the State of Iowa and the West for Monday's market, and another fast train for Wednesday. We advertised in the Drovers' Journal and the Live Stock World, and in our circulars, and put forth figures to the trade showing the advantage. We stated that on Mondays when we had these twenty-five to forty thousand that the yards were congested; these cattle were filled before they were weighed; and that one-half of these cattle, hogs, and sheep were held in the alleys hours and hours waiting to be weighed; we figured that the cattle lost in weight, at least one-half of them, \$2 a head. Having plenty of feed and water and hay on the off days the advantage was in favor of Tuesday, Thursday, and Friday; but when we got to the railroad companies we found our customers said they would not give us a run. If we load in Iowa on Tuesday we get to the market anywhere from 10 to 14 hours later—they put us on local freight. The loss of cattle when carried over their usual time in reaching Chicago is excessive. That is the shrink in the meat, not the belly shrink; the shrink comes out of the meat and can not be put back unless it is put back in the feed lot.

Dr. S. W. McCCLURE. Do I understand Mr. Bowles to say that more money goes back to the country on these days, or that the prices paid in the yards were higher on these days? Was the price paid any higher on Monday and Wednesday?

The CHAIRMAN. I will ask Mr. Bowles to answer that question.

Mr. BOWLES. I said, taking into consideration the loss in shrink after the cattle were prepared to be weighed on Monday and Wednesday, the average dollar per head on the individual animal, whether

it be hog, cattle, or sheep, was greater, from our experience, on Tuesday, Thursday, and Friday than on Monday and Wednesday. Mr. Kelly here, I know, made a greatly increased business. I know he figured it that way.

The CHAIRMAN. We will first ask some of the railroad men to explain their point of view, because I am quite sure they are after traffic, and the question must have involved some problems.

Mr. PORTERFIELD. I have no recollection of the experience the gentleman states, but I would like to say for him that we would like to move this business through the week. Under the present arrangements we have a shortage of cars on Saturday and Sunday and have a surplus the balance of the week. We are obliged to run our engines now light in both directions. We would be glad to cooperate on this plan.

Mr. KELLY. The railroad that brings the stock in from near-by points brings more stock on Tuesday and Thursdays and Fridays than on other days, but western Iowa, Missouri, and the southern part of South Dakota load on Saturday night and get here on Monday, load on Monday and get here on Wednesday. They can not load on Tuesday and get here on Thursday. On Tuesday they are put on a local and get here Thursday afternoon or Friday morning. We get good service from near-by points on these off days. We get good service from eastern Iowa, Illinois, and Wisconsin. As a result Tuesday is our big day from Wisconsin. More stock is received in Chicago from Wisconsin on Tuesday than on any other day of the week.

Mr. CUTLER. It just happened that I was at that meeting. I think it was three years ago. I know I have no better friend in the world than Mr. Bowles and Mr. Kelly, because I have borrowed money from both of them. After this meeting was over our general manager, and the president also, called the outfit that have the handling of the live stock and the soliciting of it, and told us to go out into the territory where we did not have daily service and try to change this business so that we would get this stuff to market every day in the week but Saturday, and there was a circular issued to all of our traveling men, I believe. The result was that we found up here in Wisconsin where the service was good every day that none of them would come on Monday. Any other day was better for them as a general thing. That settled the deal in Wisconsin because most of the railroads there have daily service, but when we get into Iowa and take the short branch lines where we have only been giving two days in the week, the people were bound to load on Saturday and be here for Monday's market, and we were unable to change it to any extent at all. Take our biggest live-stock divisions, and Mr. Sykes is on one of them, I think you have service there three days a week, Mr. Sykes?

Mr. SYKES. Two days.

Mr. CUTLER. On another line with the train connecting at Ames—that service is a daily service—we tried to encourage their shipment every other day but Saturday because on Saturday and Sunday we were burdened with live-stock trains. The result has been that the harder we worked the more they were bound to ship on Saturday. We have refused to take stock on that division Thursday or Friday, simply for the fact that it ran along for months and did not average two cars a day on that big heavy train. The Northwestern is anxious to help in a five-day market.

We would be glad if nothing came here that was loaded on Saturday. Of course, Sunday we can get stock over the road, but yesterday our dispatcher told me that he thought he was going to scrape up cars enough to furnish Wisconsin. I imagine that there are enough cars there to-day, but there are a lot more to come to market on the next day. The fact that Wisconsin takes this big run at present of course is, I think, because their corn crop is very poor. But I can not understand it. Is there a Wisconsin man here? A hundred million dollars of dairy products of Wisconsin sold last year, and but little over half of the State is developed yet. They are shipping out these fat cattle and hogs instead of buying corn for them. It is not on account of their poverty up there, but they are shipping these light, little pigs, down as small as 60 pounds, and half-fat heifers and cows, because they can buy corn nearly 10 cents a bushel cheaper than a year ago. I don't think the packer wants that, and the railroads certainly do not because we want something to do next summer.

Mr. BROOKS. Mr. Chairman, as far as the Santa Fe Railroad is concerned, it is a small factor in the receipts at the Chicago market, but I know it to be an historical fact that the president of the Chicago & Northwestern Railroad, on this subject of unequal distribution of cattle receipts, has discussed it with Mr. Armour and other of the leading packers, and I know it to be a further fact that Mr. Gardner's views represent the vast change of the Chicago lines. As far as the Santa Fe Railroad is concerned, we were the father of the movement initiated at Kansas City four or five years ago on this subject. The scheme failed for many and sundry reasons, which it is idle to discuss here. However, I believe, and I am absolutely confident of the fact, that the railroads generally would support any movement in that direction.

In the interest of progress, I should like to suggest that the members of the conference address their remarks and their thoughts to the practical suggestions offered by Mr. Mercer, whether or not it is possible for the packers collectively to say to the live-stock exchanges generally each day of the week how many cattle, hogs, and sheep they can handle for certain given days of the week—five days—and whether or not it is practicable for the live-stock exchange, through its commission members, to disseminate this information generally among the patrons of the various commission companies, probably with the thought that Walter Jones, for example, of Lebo, Kans., who has handled a large number of cattle, would ship one car to-day instead of five, and so on down the line. Practical thought on that subject may accomplish some progress.

Mr. WALLACE. Mr. Chairman, I remember when I was about 18 years of age in a town in which a stub railroad ran and stopped, I went to the general town meeting, which was called for the purpose of considering the encouragement of an air-line railroad which was to come into that town and go on through the town, and we had talks such as we have here. Along toward the end an old resident got up and said, "Gentlemen, 22 years ago I attended a meeting like this, and we talked the same matter over, and if I live another 22 years, I expect to attend a similar meeting, where we will talk as we are talking now." Now, strange as it may seem, Mr. Chairman, 30 years after that I went down to that town to attend a similar meeting, and I had the pleasure and privilege of repeating the talk which

he had made and would have made again had he been there, and that town still lacks the air-line railroad, and any other railroad, excepting that stub.

Eleven years ago the members of the committee from our Corn Belt Meat Producers' Association met with the railroad, some commission men, and with representatives of packing concerns to consider this very question, and we had just about such a meeting as we are having here now, and if I live 10 or 15 years more, I expect to go through this same experience, unless the packers will, in a substantial way, show that they desire a five-day market.

Now, as I understood Mr. Bowles, considering the shrink and various other factors, men got more for their cattle on the odd days than on the others. Is that correct?

Mr. BOWLES. Yes, sir.

Mr. WALLACE. But I infer from your explanation that the price was not as high on these days?

Mr. BOWLES. There are days when you have an excessive run that is out of proportion. This run has to be consumed, and actually that next day's market, following the oversupply, would not be brisk but average. I said we took it on the average of many months and figured it out, and we figured the man got more dollars who came in on those three days—Tuesday, Thursday, and Friday—than on the other, everything considered.

Mr. WALLACE. Our people, when they read the market, judge by the hundred pounds of cattle sold. It has been the experience of our people that they did not, on the general average, get as much per hundred pounds for their cattle on the odd days, and that is why, in my opinion, all of these efforts have been unsuccessful. Now, Mr. Cutler spoke of the practical reason why it was difficult from some points in the feeding territory to make a five-day market. We have a large number of branch lines in Iowa. The railroads send up trains on certain days and make up trains, and give them a quick run to a junction point. Now, if you undertake to distribute the cars of cattle from one of these branch lines, if you undertake to distribute these over the five days, the railroad would not be justified in giving that longer run to the junction point. That is the reason why it is difficult from many points in Iowa to make more than a two-day market. But take such shippers as Mr. de Ricles; if the packers, Mr. President, were paying as much on the odd days the market would be distributed over these days. That is the only answer to it. Mr. Bowles says that having received a large run on Monday the price is lower on Tuesday, and having received a large run on Wednesday they have their yards full, and the price is lower on Thursday and Friday; but if there is a real desire to distribute this market over five days it can be done by simply paying as much money for the stock on the odd days, and it will not be until that is done, because our people, when they can get more money on Monday, are not going to ship on Tuesday. Why should they?

Dr. S. W. McCCLURE. I want to say for the western railroads that it has been my experience that they are not to blame for this condition in the West. I believe that our western railroads have conscientiously endeavored to give us service any day of the week on which we want it, and I do not believe that any responsibility for

the two-day market rests with our western roads. The question will be solved any time we can get as much out of our live stock on five days of the week as we do on two. There is nothing further to it.

It has been said here that the railroad and commission men have met at other times to consider this question. The stockmen have been down here time and again. Mr. de Rieqles and Mr. Tomlinson will recall meeting here for the consideration of this very question. In the last six years I have attended two such conferences in Chicago.

POSSIBILITY OF INFORMATION ON SUPPLY.

The CHAIRMAN. Let us now return to the discussion of Mr. Mercer's suggestion. I think we are going to run into a very serious legal technicality, as I understand the question. Nevertheless, I think it will do no harm to have some discussion of the possibility of advance announcement of quantities that can be absorbed, as I understand Mr. Mercer's suggestion to be to that point—a daily announcement as to what the packers will be able to pay if a given supply comes in. I see some very serious questions to that matter, but I am here to serve the conference.

Mr. BROOKS. I did not understand that Mr. Mercer's suggestion comprehends a question of prices; it is simply a question of supply.

The CHAIRMAN. Let us discuss it, then, on the basis of the question of supply solely.

Mr. BOWLES. I want to recall just a word to Mr. Wallace. He says, "If packers are sincere"—

Mr. WALLACE. No; I did not say that.

Mr. BOWLES. Well, if they would support the market. I think they are sincere. I just want to say that the packers did support us, and as long as you people are going to run in more than a half a week's run, as the man from Kansas City told you yesterday, in one day, it is impossible to make Tuesday a good market, and yet on Monday and Wednesday have an even market. It is a simple method, but as I explained, we fell down as a committee, but the railroads did not seem to cooperate with us. They seemed to want the track the other five days of the week for their freight, giving only two to live stock, and you can not get an even market with the distribution as it has been coming. That is an impossibility.

The CHAIRMAN. By way of an investigation that we carried on this summer in the fruit business, something that relates in a way to this proposition was done. For instance, we started with the strawberry crop of Louisiana, and it is a very considerable crop in that State—several thousand carloads that are brought to market in a very short period. Certain of my men established a branch office at Hammond at which we received every day from the shippers and the growers reports of the loadings and destinations of the strawberries of that territory. At the same time we received from the large markets reports as to prices, receipts, demand, etc., these facts showing the destinations and numbers of carloads, and all of this information was posted on a bulletin board there in Hammond for the inspection and use of everybody. It was a regular practice of shippers, with that information in their possession, to decide upon things substantially as follows: Suppose I were shipping to-day and intended

to send five carloads to Chicago, I saw that the total quantity destined to Chicago was very large, and without saying anything to my neighbor I said, "Chicago looks as if it would be overdone; I am going to Louisville." So I sent one of my cars to Louisville, and that resulted, so the shippers and producers tell us, in a very much broader distribution than they have ever secured, and the railroads have said that it resulted in far less diversion, and, all in all, brought about a more uniform and sensible and economic distribution.

The same work, varying according to the conditions, necessarily, was done with certain other crops. It is a question as to just how far anything of that sort could be done under our system, but I wanted to bring it before you as a part of this discussion.

I would like to hear some discussion of this particular subject that Mr. Mercer has proposed.

Mr. NEFF. When Mr. Mercer first suggested his plan I did not think very much of it, but I believe that the live-stock interests could be served very materially by more of a centralized market bureau. There is no question but what every man, as a shipper, strives to get to the market at the same time. One gentleman, I think it was the secretary of the Omaha Live Stock Exchange, made this remark to me this morning; he said, "You gave me some ideas yesterday in your talk, and we may turn this market proposition over to you at Kansas City for its proper handling." Now, there is no question but that there is a great deal of irresponsible, mishap, slipshod sort of methods used in sending out market information which induces and superinduces large shipments. Now, I believe that you have struck the trail. A question is never settled until it is settled right, and when this question of marketing is studied, there is no question but what it will go a long way toward solving just what you are trying to get at right now. At present we have 25 or 30 irresponsible messages, infrequently more than that, for the telegraph companies are swamped on Saturday afternoon and Sunday by messages going out from people who know absolutely nothing about the market conditions, advising people to be here on Monday, to get here on Monday if possible, that there are more order buyers here on Monday and Tuesday than any other day in the week, and everybody tries to get the benefit of that.

Now, if you will go at this thing, the National Live Stock Exchange is the proper group of people to handle this question of market reports, and if you will turn over the undertaking to somebody who knows how to send a message in regard to market conditions you will find a wonderful improvement. I think you are on the right track. It ought to be studied carefully. Now, if the packers are honest and the railroads are honest, and I believe they are; I believe they want to do what is right; but a packer is just like everybody else, he is going to buy at the cheapest price he can and sell at the highest price he can. The railroad is going to get the maximum if it can, the commission man is going to get the maximum. But study the market conditions, and, as Mr. Bowles says, give the markets an equal distribution five days in the week and you will solve this question; and how to handle that is what the committee has to work out. You are on the right track.

THE FIVE-DAY MARKET AGAIN.

Mr. HARRIS. There are a few things I would like to say in regard to the market. The principal reason for the big market days in Chicago—Mondays and Wednesdays—has been brought about by the eastern order buyer. They usually buy Mondays and Tuesdays here and are on the market freely on those days for certain days' call in the East. The country shipper has been coming to these markets for years because he had extra competition. It appears on those days the shippers all feel they are going to get a little more money than on the little days, which are Tuesday, Thursday, and Friday. Some days that is true, and some days it is not. It depends upon the receipts, supply, and demand. The packer is buying his stuff, of course, as Mr. Neff says, for the small dollar and selling it for the high dollar, just the same as the shipper is trying to get the high dollar for the stuff he sells, and to buy it when he puts it into the feed yard for the low dollar.

So far as the Chicago & Alton Railroad is concerned, we have no special train service for Monday and Wednesday. We run our trains for five or six days. I remember very well when the arrangement was brought about—the endeavor to have a five-day market; it was generally advertised and discussed with everybody, and we were most anxious for a five-day market. The practice of concentrated shipments bunches your power, it bunches your stock cars, and forces dead freight to lie in terminals, along sidetracks, to wait until you can get your power back to handle it again, and most of us are not burdened with more power than we need.

As to car reports and information being given to packers, it is usually customary on, perhaps, Saturdays for everybody to discuss at market points what receipts will be here on Monday, with a view of finding out as near as possible what the car orders have been. In some markets it is written on the board, so many cars ordered or expected here to-morrow on the North Western, Burlington, or other roads sending to the market points. This is public information for everybody. I do not think that the packer is singled out by the railroads to obtain certain information. I know it is not true of our road and I do not think it is of any others. The feeder usually comes into the market, as my experience has taught me, anywhere from Tuesday to Friday. Monday, as I understand it, is not a heavy feeder-order-buyer day, except for a speculator. The speculator buys his cattle wherever he finds them worth the money, as he thinks. He concentrates them in his yards which are set apart for his use, and there he sorts and assembles and classes to suit any man who may want to buy. The same man buys his cattle, takes them back to the country, and feeds them and ships them to market, and frequently a shipper comes into the market with cattle and sells, and takes a lot of feeders back from the same market—a transaction of both kinds.

My experience in handling cattle or live stock for the market on special days has not been very successful; that is, I want to say that I have not been successful in getting the shipper to cooperate with me. He wants Mondays and he wants Wednesdays. He says, "I get more money for my stuff." My opinion is that the packer will pay

the market price five days a week if the stuff is here for his purchase.

You can not get the man in the country to use the five-day market from a railroad standpoint. You give him just what he wants. He is educated that way; he has gone that way; and, I think, if the shippers of the country, the associations, and the commission men, will put forth more effort in educating their own people to distribute their shipments over the five days you will get better results than you have been getting.

Mr. SYKES. I just want to say a word in explanation of the position of our Iowa feeders. I think I am in as close touch with them, possibly, as any man in the State, and I can tell you why they don't come on the off days. I think most of you people know that the Iowa people feed about the best class of cattle that is fed anywhere, and we have put the highest priced feed into the cattle, and it has been our experience that the best day to have that class of cattle on the market is Monday; the next best day is Wednesday. There are two reasons. In the first place we feel, at least, that we have a little competition on that day so far as the buyers are concerned. We have a class of cattle that ought to go to New York, Philadelphia, Pittsburgh, and Buffalo; we ought to supply the Eastern trade. We feel that if there is anybody on the market that day who wants something with the quarantine off, of course, stuff which must be shipped out, why we will have a little competition for our cattle which anybody knows is not the fact on the other days of the week. I do not believe that this plan can be arranged so that the market will become more steady on these other days or that these eastern order buyers will buy cattle on those days. So far as the order feeder is concerned—that is, I am speaking of the man who feeds good corn-fed beef out in Iowa—I do not believe that he is going to patronize these off days. I had a little experience myself very recently on that line. I happened in here on an unfortunate day; on account of religious scruples I did not ship for Monday's market. I did not feel that I wanted to be on the train all day Sunday, and, as I stated yesterday, I wanted to take the trip again and see just how the stockmen were treated, so I shipped for Wednesday's market at the advice of my commission man. The market was steady on Monday, with a moderate run, and, of course, the advice was to ship for Wednesday's market—that everything was good, etc. I arrived on the market in good time, and, as it happened to be the first day that the Eastern States quarantined against shipments out of Chicago, you stockmen know what happened.

Well, as a result of those conditions, my cattle were not sold on Wednesday at all. I had good shorthorn corn-fed cattle that had run on blue-grass pasture and been fed 70-cent corn all summer, and ought to have sold pretty close to the top, and the commission man said so. Nobody wanted them that day. The eastern order buyers were not in the market at all. The packers came about 12 or 1 o'clock; some of their buyers came in the yards and looked at the cattle, but did not bid on them. At 2 o'clock a bid was made on the cattle, but it was so unsatisfactory the commission man decided not to accept it. In fact, he did not tell me what the bid was until almost the closing time of the market. He told me the situation

afterwards, and told me what the bid was. I told him that it looked awfully small. So we discussed the matter a little. I said, "Well, let us analyze this situation. Who is going to buy these cattle to-morrow?" He said, "I suppose the same men, unless there should be some city buyers from butcher shops outside." I said, "If that is the situation, they probably won't bring any more to-morrow than to-day." I told him the cattle would have sold for more than that in my yards at home. In fact, I was offered more for the cattle.

The CHAIRMAN. Will you please be as brief as you can?

Mr. SYKES. Yes, sir. The cattle were held over until Thursday. Nobody bid on the cattle. I suppose the buyers all recognized the cattle as being stale. You know, of course, the cattle could only be held 72 hours in the yard. The commission firm took it up with one of the packers just before closing time on Thursday afternoon. He told them the situation, and they said they would send a buyer down and see whether he could take them, which they did, and they bought the cattle for 15 cents a hundred less than was bid the day before. Now, that is just the situation. I simply state this to show you that these men, like myself, that feed these good corn-fed cattle are not going to take the chances. The commission men said that on Monday those cattle would have brought from 50 to 65 cents a hundred more than they sold for. You can not expect us year after year to run up against a thing of that character.

The CHAIRMAN. I think the point of Mr. Sykes's statement is one that ought to be considered, namely, that after the five-day market is arranged there will be some people who will not use it.

Mr. TOD. The cattle were quarantined the day before, and it had nothing to do with the five-day market.

Mr. M. L. MCCLURE. We are all a unit on this five-day market. I can not see much difference, although the expression of some of them is that they are afraid that the prices will not be as good on those off days. I believe we ought to be willing to make an effort on this matter, and I think I can answer for the Chicago Live Stock Exchange, as well as the Kansas City Live Stock Exchange, and the others, that they would be glad to meet with a committee from each of these organizations, from the railroads, from the packers, and all concerned, and try to devise some way under the auspices and advice of the Government representatives.

There is no use of discussing that question any longer, but there is a question in regard to the market and the stability of it that we think has not been discussed much, and I do not believe it ought to be sidetracked. It ought to be discussed at this time. That is the question of buying in the country. That affects the market. When the packer goes to the country and buys what he can kill on Monday and Tuesday he is not in the market on Monday and Tuesday to buy. I would like to hear that matter discussed, and Mr. McCrosky has something to say on that.

Mr. BURKE. I would just like to state an incident or two which, I think, is pertinent to the question, and which may throw some light on the packers' attitude. We are shippers from eastern Nebraska, and it is about a 36-hour run to Chicago. We have to ship on Saturday afternoon in order to get here on Monday. In order to get here

on Tuesday we have to load on Sunday afternoon. As far as the railroads are concerned, we have never had difficulty in getting service on either of those days. At various times we have discussed the advisability of coming here on Tuesday and taking the matter up with our commission men, and I want to say that every time before the commission man would advise us to ship for a Tuesday market they have considered it necessary to go to the packers and ask them whether they would be willing to give us steady prices on Tuesday as compared with Monday's market.

The CHAIRMAN. Mr. McClure has made a suggestion with reference to a committee. I don't believe that I, as chairman of the conference, have any authority to appoint a committee, and I would hesitate to do that. Nevertheless, if such were the desire of the conference, I would consider the matter of the calling together of a representative body that could deal with that question. I think that such a thing might possibly get to the heart of the subject more directly than any other.

Mr. SYKES. I can not understand how we are ever to get together unless we come and have a heart-to-heart talk on the matter, the packers, the railroads, and the producers.

Mr. M. L. McCLURE. I think I can say that we will have a discussion of the matter among ourselves, and ask to discuss the proposition with these other bodies and make some kind of an effort to have a five-day market established.

Mr. JERREMS. The Chicago Live Stock Exchange would willingly do anything to help establish a five-day market. We individually and with the assistance of no other market did make two attempts to do that, but without success. We are willing at any time to confer with any body of men on that subject. You can count on our services whenever you call.

Mr. McCARTHY. I don't think we are going to get anywhere on this proposition by any kind of a rising vote. As one of the previous speakers has said, it seems we are agreed that this is the proper thing to be done. It seems to me the sensible thing to do is for you, as chairman, representing the United States Government, to take your time to consider carefully this question and call upon us individually and get our more progressive views, until finally you can make some recommendation for all of us and make this a practical working plan. I don't believe a committee appointed now or any resolution passed now is going to bring this about, but I do think that if you, as chairman, and your office will carefully consider the question and all of the problems involved and gradually work out a sensible, practicable plan, then, I think, you will find we are all ready to cooperate with you in making it feasible.

Mr. BRAINARD. I was just conferring with our president of the National Live Stock Exchange, and it seems to be a suggestion of his and of mine also that this association here appoint a committee, ask the president of the National Exchange to get up his committee, confer with the president of the Live Stock Association, if that is the name, and get a committee, large or small, as they please, and have a conference at the meeting in Chicago when they meet to talk over the foot-and-mouth disease. There will probably be a great many of them here at that time. They meet, I understand, at the

La Salle Hotel two weeks from yesterday to talk over the foot-and-mouth disease. I think that is a quick way out of it. I am in favor of a five-day market, and I am probably the only eastern shipper represented here. We are killing about 8,000 hogs in Jersey City every week, and probably will kill 12,000 or 14,000 before long. I and my brother have had stock on trains for the last 35 years, every day in the year—some of our stuff on the track every day in the year. It costs us 5 cents a day to hold hogs over from one day to another. I thank you, gentlemen, if that is a suggestion that will do any good.

Mr. RUSSELL. I have been on the stockyards for 37 years, and in the packing houses in all lines of the wholesale and retail business, and in that number of years I have noticed this two-day market a week. Do you people ever realize in what condition it puts the laboring men in those yards? Those men are working two or three or four days a week, probably half days a week, going out in the morning and coming back at noon, going out at 10 o'clock and coming back at 3. If you can distribute the shipments so that we can make the employment of labor in the yards six days in the week, at 10 hours a day, or whatever hours they may have, so these men can earn a substantial wage by working steadily, and can give their families the necessary amount a week to sustain their vitality and educate their children as they should be educated, you would do a good thing. You ultimately depend upon the consumer to make the price of your stock. That should be so—the supply and demand. If these men are not making proper wages to buy meat, how can they pay the price?

We have had two years of depression, and I am as close an observer, I believe, as any man in the United States. I have been the international president of the United Master Butchers of America for the past four years. I have made it my business to visit the principal cities throughout the country during that time, and to have conferences with the men of our craft. We come in touch with the actual consumer. Those men come up to our counters on those days and often ask for 15 or 20 cents worth of meat to supply 8 or 10 people. Conditions in this country are getting better. If it is within your power, you stock raisers, you railroad men, you commission men, to level the distribution of this product and let these men work six days in the week, in the name of humanity do it. It will make a better feeling throughout the trade.

The CHAIRMAN. In behalf of the department, I should be very glad to assist in any way any of the organized bodies in taking this matter up, or if it is the desire of the body we will act on Mr. McCarthy's suggestion, and hold ourselves ready to do what the conference wishes. We will now ask Mr. McCrosky to present as briefly as possible, as time is valuable, his statement on buying in the country.

COUNTRY BUYING.

Mr. McCROSKEY. Mr. Chairman and gentlemen, I feel in advance that I owe you an apology for what I may say at this time for the reason that I was not apprised of the fact that I should be called upon at this time until the latter part of last week, although I had had notice from the chairman, and the Kansas City Live Stock Exchange

had recognized the importance of this meeting and appointed a committee to present their ideas on this great question, but I was not on that committee. Two of the important members of that committee, and one who would handle the subject that has been seemingly assigned to me, were unable to be present. Therefore it has fallen upon your humble servant, who feels that he is not equal to the occasion, and in advance I beg your pardon for anything that I may say.

We are to-day confronted with a condition that affects every man, woman, and child in our broad land. It is not a question to-day of the interests of the live-stock commission man, it is not a question to-day of the interests of the packer, it is not a question to-day of the interests of the railroads of this country or any special interests, but it is a broad question that concerns the welfare of our country and a question that must sooner or later be solved, and it never will be solved until you get down to basic principles of right and justice between man and man.

I have nothing to say or advocate for the commission men except to say that to-day they stand as an organization as loyal to the interests of the people they represent as any body of men in the land. I do not wish to get into a controversy with those who may have preconceived ideas that what I say is not true, for they have those opinions because they are not familiar with the real facts in the case. We are confronted with a great country and a growing people that must be fed and clothed and employed. Each and every man can become a supporter of our country and glory in the fact that he is an American citizen and supports this country as it should be supported.

Now, the principal thing that makes a great people, and one of the things that to my mind has made the American people what they are, is the manner in which they live. Diet and food make the animal that is admirable and attains its excellence, and food makes the man. We have been a large meat-eating people in our country, and in that way the protein was supplied that has made muscle, brain, and energy. Conditions have come about in this country in the meat supply, and I speak more particularly in reference to the beef, so that we have to-day in our country a meager supply of cattle and cattle produced for beef purposes. It is true, according to the latest statistics, we have something between fifty and sixty millions of cattle in our country, and twenty millions of those cattle and their products is in dairy interests. The dairy interests practically produce no beef, and in the slaughter of calves connected with the dairy interests the dairy herds of our country do not reproduce and sustain themselves. They therefore, as near as I can get at the facts, have to call on other breeds of the country for nearly 25 per cent of their rehabilitation. Therefore we have to-day in our country only about thirty-six or thirty-seven millions of cattle that are in line of beef production. Just think of it. We have a hundred million people and only thirty-six million cattle. Consider them all matured and all of beef quality, an average weight, say, of 1,200 pounds. Kill them all in one year and you would only have about 200 pounds of beef to the inhabitant. Think! There is a condition. Now, when we are confronted with that as a statistical fact, we want

to get at some basis that will encourage the producers of this country to produce the necessary food to sustain a mighty and a great people.

Now, it is an economic question that is before us to encourage the producer, so that he may feed the ultimate consumer and America thus sustain itself and in the future live on that high level of humanity that we have to-day; but unless these things are taken care of, and in the proper way, we will most certainly reach a lower level in the matter of our living.

Now, to complain and find fault can easily be done, but to suggest a remedy. Who is the Moses to lead us out and solve these questions? We can only touch in our individual way the things that are most apparent to us, but I am glad that we have just such a commission as we have here to investigate these questions that there may be some happy solution that will encourage production, that will give men remuneration for their labors in the production of commodities of this country and the welfare of our whole people be benefited thereby.

To get at these things I am a little inclined to be outspoken and call a spade a spade. I don't want to be anarchistic, and am not, but there has been too much concentration of power in the control of our markets. Men may be honest, are honest. Ninety-five per cent of the American citizens, in a business way, are honest if you will be honest with them, but many men are acting in an indirect capacity through corporation power, and the corporation has not the conscience that the individual has. Not long ago a friend of mine, a man who has a wide business acquaintance, said to me that the policy I was pursuing was not a good one for me in business, that I left loopholes in my business where people would take advantage of me, and I would get the worst of the deal. I said, "My friend, that may be true, but my experience has been in dealing with mankind that if you will be fair with them they will be fair with you in 95 per cent of cases." I believe that is true. The first law of nature is self-preservation, and if somebody thinks he is going to get the worst of it, he is like the turtle that pulls his head under his shell for self-protection.

Talk about complaining, the man I want to complain of is our good friend, the packer. Individually they are nice gentlemen, and any deal that you have with them will be carried out to the letter. Personally, all I have or hope to have I would not be afraid to leave with any one of the packers individually, but when it comes to dealing with their corporate power, a power that they have concentrated unto themselves that they can dictate what they shall pay for their goods, that is all wrong. How are you going to correct that? I don't know. But there has been an insidious and a gradual spreading of this power, so that the fluctuations that our friend Mercer complained of—of \$1.40 or \$1.25 in two days—was not brought about by supply and demand. It was brought about by the fact that that power is in the hands of the few instead of being diffused, as it was at one time. There is no question but what the brains that have been brought together in the packing interests have done wonders. They have made valuable things out of that which was invaluable, but they have received a reward. The few

of the packers that are leaders to-day are millionaires, and the producers of our country are common livers.

Now, there must be some advantage if men can make millions out of the business and the people that furnish the raw supplies are, many of them, in failing condition, as Mr. Mercer has stated. My idea is that there should be some way whereby we could build up and maintain a competition that will bring the actual meritorious value of the products of the country on a basis of supply and demand, and not have that perforated at the will of those few who have the power.

This question came up in the last meeting of the National Exchange, and has been indirectly considered, so at the last meeting this question of the power of the packer to control the meat situation of the country was discussed. In some way the little fellow has been cast aside and avenues of distribution in his neighborhood have been such that he could not live; yet the country, unwittingly I think, has encouraged the packers in one avenue in which they have been engaged, and that is in direct buying and supplying their wants without coming to the common market centers. Every load of stock that is bought in the country and goes direct to the buyer puts him in a position of ease during market hours. Now, then, at market centers, they are depending upon them, and as my good friend, the labor representative, said: "The laboring men are waiting to attend to the job to-day." If a condition is coming about in this country whereby there is no public stockyard, who will state what my good producer over here will get for his produce? The packer may be deriving the benefit to-day by this indirect method, but he is as much concerned in it in the ultimate end as the producer. Now, the real thing that we want is a condition brought about where no few men shall control the millions of this country as to what they shall produce or what they shall receive; and when my friend, the chairman of this commission, can suggest something that will bring about a condition that will solve these problems that confront us, not only the commission men, the railroads, and the packers, but more essentially the ultimate consumer, will be benefited, and that will mean the welfare of our common country.

These are thoughts that come to me on the spur of the moment; this is not a prepared address, and there may be many things that I should have said, and had they been arranged they would have given you a better idea of what is in my mind and that my tongue fails to express.

The CHAIRMAN. We have had some discussion on this subject, and some of the delegates have presented their ideas on it. I will be glad to devote a little more time to it, although I do not think there is much more to it.

Mr. GRATTAN. If I might be permitted I would like possibly to assist in complicating this matter somewhat. I feel that this is an essential matter, and it is a very dangerous thing for this meeting to go on record without considering very closely the practice of country buying by the packers, and I recognize in the commission man a friend of the producer. I am not an enemy of the commission men. They are unquestionably our friends. They try to get all they

can for our products; yet there is possibly a selfish motive on the part of the commission men. They don't want to see this business of selling on the markets die out. Now, we are not going to blame them for that; that is all right up to that point. Every man's argument here seems to be that when the packer goes into the country he withdraws a demand on the open market. He is no longer a power on the open market, because he has supplied himself in the country, and therefore withdraws a demand in the market. That is one point in their favor. It seems to me when the cattle are withheld from the central market you withdraw a supply, and it seems that the withdrawal of the demand is exactly offset by the withdrawal of the supply. Now, those two points just balance one another, and we are just where we were before from a market standpoint. We have been complaining that there are too many cattle on the Monday markets. If the packer has bought in the country there are not so many cattle on the Monday morning markets and it is not so over-crowded.

The farmer, the feeder who sells in the country, has more latitude so far as price is concerned. Mind you, when he is on the central markets he is paying high prices for feed; he is at an exorbitant expense; his cattle are shrinking rapidly; he is forced to sell. On his own farm he is not forced to sell; he can hold a day or two days or a week if he wishes to do so. So there is a greater latitude for the man who is producing and selling these cattle. I will venture that the packer believes that he is conferring a favor to the producers or the cattlemen of this country when he goes into the country and buys:

If he is the owner of the stockyards he is withdrawing a certain amount of business from the stockyards. I understand in Chicago they do not own them, so he would not be interested, but in the other yards he is withdrawing a profit of 25 cents a head on actual yardage, etc., and he is withdrawing probably the most monumental profits connected with any legitimate business in America, that of selling feed, probably a hundred per cent or better. I would hate to see this assembly go on record, that is, the producers anyway, as opposing that. I realize that there are two sides to it, and that some of our best friends are very much opposed to the method of buying in the country. It would look to me, as a producer, where I stand to-day, that I should hate to say anything against it, at least. I should hate to even come out and say that it was the better thing.

Mr. Top. It seems to me we are wandering from the point again. I must say I still think we are in a free country, and if the packer wants to come out and buy my cattle, and I want to sell, that I do not think anyone has anything to do with it.

The CHAIRMAN. In response to which I want to say that I promised that a statement on this subject would be heard, and I have merely kept my promise. It is a question in which some of the delegates were interested.

Mr. McCROSKEY. In reply to our friend from Iowa I want to assure him that so far as the commission men are concerned it is not a personal question with them whether they maintain themselves in business or not. They don't want to be in the attitude of barnacles

or parasites on business. There is not 1 in 75 of them—I do not believe there is one in a hundred—but if he would give the same time and attention to other vocations of life he could do just as well, and if it comes about that the commodities of this country can be handled more economically so, it will return to the producer his just share, and yet the consumer of our country can be fed in the most beneficial way and the commission man be eliminated, there is not one who will complain.

In reference to those two pieces of business balancing each other, I think that Mr. Grattan loses sight of the fact that whenever competition is taken away he has shortened the yardstick of values. That affects not only the product in the market center, but it fixes the price that the packer will pay to him on his farm. You have shortened the yardstick, and he fails to observe that he has measured his goods with a shorter stick than he would if it were in a broad competition of supply and demand, and what we want to encourage is a wider number of men in this business who will compete, instead of remaining in the hands of the few.

Mr. WHITMORE. I will try to abstain from any appearance of advertising my business. I want to state one fact right on this question. I am in a position, Mr. Chairman and gentlemen, to know that when the packers send their representatives into the country to buy stock they have a way of holding it out at these outside stations until the off days when they need it. It is no uncommon thing at all for the Omaha packers to hold stock outside until Saturday, when there is no market, and then bring it in for use on Sunday morning. I merely state that as a fact coming under my personal knowledge. And while I am up, in the interest of fair understanding, not as an apology for anybody, but as an apology for the truth, I do want to reply to my friend from Colorado. When I, in my position, pay the farmer 60 cents a bushel, as I have been compelled to do for the last two or three years, and am doing now, for corn, and paying corresponding prices for other feed, I dabble it out to the shipper by the bushel and half bushel, for a dollar. Out of the profits—out of that 40 cents—I maintain a force of help for unloading this stock from the cars, day or night, feeding them, watering them, and putting them back in the cars. We have paid out more than half of it for the help to handle the stuff.

Prof. SKINNER. I am interested in this conference as a college and station man. I have listened now two days to the conference. I think there have been two points brought before this conference that are of great importance—one presented by Mr. de Rieques yesterday and one presented by Mr. Mercer this morning. It seems to me that those two things stand out as the big things of this conference—the fluctuation of markets and the probable fact that we are receiving less for our product this year according to the demands, if the statements were correct, than we were a year ago. Those things are fundamental. There are some gentlemen here representing large interests; I do not know that there are very many car-lot producers here; I have not met them. In the State of Indiana we have a large number of men who have gone into the business of feeding cattle in order to maintain their soil fertility or their crop production, I may better say. This, gentlemen, as I see the question, seems to be somewhat ignored by the man who has 200, 500, 1,000, or 2,000 cattle.

We have some men in our State who handle large numbers, but the great majority of these men are small men, and we come to a good many questions here that the small man does not get very much show on. Now, I am anxious to get information; in fact that is what I came here for.

I have heard very few views expressed here in regard to this buying in the country, and it does seem to me that this conference is in no position to take sides on either one of these questions, notwithstanding all the fine argument that these gentlemen from the West present, because you can not ignore the small man in any line of products, and he is the man that is going to be affected. It does seem to me that there are two sides to this question, and here again, like our packer representative, I would like to refer this question to the Office of Markets and Rural Organization for consideration in order that we may have a study made of the question and see just how it does affect the large producer, the small producer, and the market in general. I do not know; I have not the figures; I am not a statistician, but it occurs to me that the number of cars of cattle coming to the Chicago market during the last year is very much less than it has been in some former years, and yet we are pointed to the fact that this fluctuation has gone on just the same this year as it had in the years of the prosperous times when the receipts at the Chicago market were very much larger, so that that does not seem to throw very much light there.

It does seem to me, however, that we are sort of clearing the way on some questions that have been written on, and talked about, and that is one of the good things about the conference. If we can get together on some propositions that are fundamental, and I believe, as I say, that there are two fundamental things here, that the producer must be put in a position where he can at least get what he has put into the scale in the way of investment, time, labor, and so forth, and then if we can avoid these radical fluctuations, we are doing something to protect that man, but I believe, gentlemen, that we never can get together until these interests get down to the basis of cooperation.

Now, I am not talking on any fine theories of cooperation, you understand, but there must be some common understanding. I believe that the packers realize that they can dig their graves by putting the producers out of business, and the producer is going to quit this business unless something can be done by cooperation, laws, or some other way to assure him of a profit on his product. He is going to quit notwithstanding the fact that our best-informed farmers to-day through Ohio, Illinois, Pennsylvania, Indiana, and possibly other States, recognize the importance of cattle in the consumption of the roughage which they grow and the maintenance of soil fertility. They are tired of getting less than the cost, and if we are to do anything it is by all getting together, and while I am glad to hear the discussion along these lines, it does seem to me that we can not take very much stand on either side of the question. It is a question that needs investigation. It is a question in which our people are vitally interested, because we have the small fellow who seems to be ignored to some extent. I think we are doing good, but we should keep in mind the big things. I would like to have the question as to whether Mr. de Ricqles's statement as brought out

by the facts is true, and I would like to have Mr. McCarthy point out some of the difficulties of this five-day proposition. He said there were difficulties. Now, let him or some representative of the packers tell us what those difficulties are and let us go about trying to solve them.

The CHAIRMAN. We all admire the great State of Iowa, but I am glad that Indiana came forward with a statement. Are any of the buyers for any of the big packing companies here or any of their representatives who could speak on some of these questions? This matter of the difficulties of the five-day market, I think, should be thrashed out here as far as possible. I would appreciate it very much if we could have a helpful discussion on that subject.

Mr. BURKE. This meeting reminds me a good deal of the play of Hamlet without any Hamlet. Now, this question of buying in the country is comparatively a new question. It is a very important one, and we have heard the commission man's side of the question and the producers', who are certainly primarily concerned in the matter and would like very much to hear the packers' side of that matter.

The CHAIRMAN. I wish it might be possible to have that view presented, but there does not seem to be any one present at this moment to speak on it. We will raise the question again this afternoon.

Mr. MACPHERSON. I have not been quite clear as to what methods are employed in buying in the country. In western Oregon the packers or the packer does considerable buying in the country, but it is entirely through buyers who go out and buy from the farmers at whatever price they can get the stock or "hands off," and they have a constant and guaranteed market price with the buyer for a certain number of days at a time. They do the buying on their own responsibility and with the understanding that anything they can make through good buying will be theirs. They have a guaranty that it will not be lower than a certain price for a certain number of days, and they go out and buy stock for whatever price they can get it and bring it in. There seems to be a different arrangement here in the Middle West from that in the far West. I would like to know whether such a condition as we have in Oregon exists here.

The CHAIRMAN. I think I can explain, at least in general terms, by saying that the methods of the West are quite different, and it is possible as the discussion goes on this afternoon that Mr. Heard, who is familiar with the western methods, may just briefly outline them for us, and your question will then receive some attention.

Another question was raised this morning which I think should have some discussion, and I am going to call that question up briefly this afternoon. It has been said that the stockyards make abnormal profits. I confess that I have not the information, but I am sure that some of the stockyards' interests can at least present some statements concerning the general features of their business which would be of interest to the conference, and I hope very much that some of them will prepare a brief statement to cover the case. I know from the investigations of our office, which have not, of course, covered the field very thoroughly, that some of the yards are not making any great profits. I only hope that we can have a statement of the case before the conference. I think the spirit of the conference is

such that the packers can come fully assured that they will be received in the most friendly spirit and with every courtesy.

I also want to call this afternoon for a brief talk from Mr. McClure relating to the relation of the Federal reserve banks to the financing of live-stock operations. I do not think we ought to go into it very much, but I think it is important. It has been brought to my attention by several people, and I think we ought to have just a brief statement on the effect on the marketing and distribution of live stock by that agency.

(The conference adjourned to meet at 2 p. m.)

AFTERNOON SESSION.

NOVEMBER 16, 1915.

(Called to order by chairman at 2.20 p. m.)

The CHAIRMAN. There are still a few matters which we have, in a way, committed ourselves to take up in the course of the afternoon. After we have done that we will resume the discussion in which we were engaged this morning. A number of gentlemen have prepared papers, but we won't be able to hear all the papers. I hope that they won't fail to turn them in so they will be made a part of the record. Mr. Neff asks that he be recognized a moment to amplify or explain a statement that was made this morning.

Mr. NEFF. I just wish to make myself clear. I want to say this, that there has been a complaint here that there have been some irresponsible telegraphic reports in regard to the early markets. The burden of my remarks was for a correction or the elimination of that. I have no criticism to offer, or to presume that any commission man has sent wrong telegrams to his customers. It was simply a question of taking care of all legitimate information going out to make it responsible, and I hope the interested parties will understand my position in the matter. I simply would like to have the minutes corrected to show that it was in reference to the irresponsible or unreliable early market reports which left the yards that had been complained of.

The CHAIRMAN. I also expressed the hope that some of the representatives of the yards would give a brief statement. The statement was made this morning that very large profits are being made, and while we do not expect any extensive discussion of any person's profits, yet I think there is ample ground for a statement on that subject. I am going to call on Mr. George R. Collett, if he is present, to speak on that subject briefly for the Kansas City yards.

THE STOCKYARDS.

Mr. COLLETT. Gentlemen, I did not come here prepared to make a speech, and I have not very much to say on the score of stockyards, except to reply probably to a statement that was made by one of the gentlemen here this morning about the monumental profits in the stockyards business, and in reply to that I want to say that the stockyards business is not all a rosy one. The monumental profits that he refers to are possibly taken at one season of the year when the cost of feed is low and the price remains the same, whereas they do not tell you that there are times when the cost of feed almost equals

the price that it is sold for. Since I have been at the Kansas City Stock Yards I have seen the time when we paid \$18 for hay in car-load lots and retailed it out in 50-pound or 100-pound lots, as it might be ordered, and sold it for the price of \$20 a ton, a profit that is entirely on the other side of the ledger. It can not be handled for any price of that kind and taken from the cars, hauled to the yards, and distributed about the yards for anything like the difference of \$2 a ton. I have seen the time, also, when we paid 81 cents per bushel for corn and sold it at \$1 a bushel, a profit in that corn that is on the other side of the ledger also. It costs more to distribute that corn about and feed the various hogpens than the difference in the cost and the retail price.

In the stockyards business you have to take the bitter with the sweet, and it is one of my trials, and it has added a few gray hairs to my head, to make the two ends meet or produce a reasonable return upon the investment for the stockholder.

There was another question raised—I think it was repeated to me this morning—that there was a difference between the class of feed that is fed to possibly the commission men or the shippers as against the class of feed that is fed to the speculators in the yard. If that statement was made, so far as the Kansas City Stock Yards Co. is concerned, I wish to say that there is no foundation for any such statement. The feed is all distributed about the yards to anyone who orders it, and the distribution is made from the same place as the cars come in. There is no discrimination, no difference between the quality or the value of the feed in any kind, manner, or form.

I did not bring financial statements to go into the details of all this business, but I think it is sufficient for me to say that the Kansas City Stock Yards has trouble in paying 6 per cent return to the stockholders of that company, and for fear there might be some misunderstanding as to the possible excess of the value of the stock I make the statement that the assessed valuation of the property of the Kansas City Stock Yards to-day is in excess of the capital stock of the company. Therefore, there can be no water in the game. If there is anyone present that has a desire to get in the stockyards business, I would just say—and I do not say this now as wanting to blow my own horn about the industry—that the stockyards stock is on the market and unfortunately the price to-day is below par. Therefore, if it is any great attraction to anyone present, it can be bought at less than par.

The CHAIRMAN. In response to several suggestions, I made the suggestion this morning to the conference that we ask Mr. McClure to say a very brief word about the importance and influence of the Federal reserve banks on the marketing and distribution of live stock. Mr. McClure is one of the governors, I believe, of the Kansas City branch.

INFLUENCE OF THE FEDERAL RESERVE BANKS ON THE MARKETING AND DISTRIBUTION OF LIVE STOCK.

Mr. M. L. McClure. I am not one of the governors, but I happen to be a class B director in that bank that is supposed to represent the outside commercial interests in that bank.

It is unnecessary for me to say that being called on now by you to make some remarks on the Federal reserve bank was a surprise,

and I would not attempt to say anything except for one reason, and that is I believe it will be of some benefit to the live-stock interests to perhaps correct an impression that might go out through the proceedings of this meeting. We have had nothing but gloomy complaints to listen to so far, this of necessity coming through the object of the meeting, which is to find a way to remedy some of the matters in the live-stock business that are detrimental. Therefore I am pleased to be called upon to speak to you in regard to the financial situation in the financing of live stock. From what I can see and learn, the conditions are ideal. The rates of interest are reasonable. Every live-stock feeder and raiser is able to obtain sufficient money to finance his deals, provided he has the proper security.

Just what the Federal reserve bank has done to establish these favorable conditions I am not certain. The Federal Board have been very liberal in their construction of the Federal reserve law, and all paper secured by live stock, whether to the raiser, the grower, or the feeder, is eligible for discount with them through its member banks, provided, however, that it is of not longer maturity than six months and, of course, subject to the inspection and approval of the board of directors of each Federal bank as to its security.

In the tenth district, of which Kansas City is the capital, about 85 per cent of the loans discounted by member banks from the outside of the cities are cattle loans. This shows with what favor they are looked upon by the directors of the bank that I am connected with.

Reports from the other districts where cattle paper is general are the same. One of the objects of the system is to equalize conditions. Now, if there ever has been such a thing as cattle forced on the market for reason of the loans maturing, it should be a thing of the past. These banks are for that very purpose; an emergency situation can be covered by the member banks rediscounting with the Federal reserve bank allowing time to market the cattle over a longer period of time.

I do not agree with some of the statements that are on the charts that were displayed on the walls of this room yesterday in regard to the inadvisability of the packers establishing loan companies and banks, at least I can see no harm from it at the present time, whatever the future may have in store. A good deal of this easy-money situation comes through the establishment of these banks and loan companies, and they are financing the cattle business. I will estimate that at least thirty-five to forty-five million dollars of cattle loans are now handled by banks that are controlled by the packing interests, a great part of it in the raising and growing of cattle. As time goes on this will probably be increased, and it may be the saving thing that we are looking for. They would hardly build up this great big temple and then destroy it. It may be the very element that will steady the market and keep it profitable for their customers to engage in the feeding business. I never heard of a bank or owners of a bank attempting to destroy the security on which they loaned their money.

I want to say this so that the records will show it, that conditions as represented by a good many addresses here are not as bad as it would appear. While there are just grounds for complaint in many instances, yet some of these complaints are imaginary and some come

about from misunderstandings of the conditions and the motives back of them. The cattle industry is not a languishing, money-losing proposition at this time. At least one-half of the interests, which are the raising and growing interests, up to the feeder point, are very prosperous. It is true now that the feeder is losing money, but that condition may change in a very short while. The farmer that has an old cow worth \$65 can clip a coupon in the shape of a calf 9 months or a year old every year, worth \$40. There is some danger in having too plentiful money situation, as it makes it easy to borrow money on cattle, and incompetents and those without experience go into the business and make a loss and are competitors of more successful feeders, causing them also to make a loss and lose financial standing.

The company with which I am connected are large lenders of money on cattle. The loans that have been maturing this fall, during the time that has been described as so disastrous, have been paid, and where the farmer has his own feed, such loans for the cost of the feeder are still satisfactory, if the feeder is of the right stripe. These conditions have not changed the minds of the bankers in regard to the desirability of such loans, and the margin of loss is not so large as some estimate, on account of the hogs that feed with the cattle.

I have made this as strong as I can for the reason that the live-stock interests must be financed, and we can not expect bankers to lend us money if we are all losing money and going broke.

Mr. DE RICQLES. I would like to ask Mr. McClure if he did not make a typographical mistake when he said the calf is worth \$40?

Mr. M. L. McCCLURE. I don't think so. I think that the 9-month or year-old calf of a good dairy cow, if properly nourished, is worth \$40.

A VOICE. How much does it cost?

Mr. M. L. McCCLURE. The cow pays its cost with milk.

Mr. DE RICQLES. Look out, now, Mac.

Mr. M. L. McCCLURE. I know the price of calves and yearlings. New Mexico is selling yearlings as high as \$43 a head, Texas as high as \$45—and it is no unusual thing for the Texas calf to sell at \$35 or \$40 this fall.

A VOICE. What does Mr. McClure call reasonable rates with regard to interest on money loaned?

Mr. M. L. McCCLURE. I think 6 and 7 per cent in Illinois and Missouri and Iowa is a reasonable rate.

Mr. BOWLES. Frank Hastings, manager of the S. M. S. herd, of Stamford, Tex., wrote me that their entire crop of calves this year, 4,500 head, I think, had been sold at \$35 per head.

The CHAIRMAN. We touched this morning on market information that might be acquired through the advance car reports or in other ways. Some of the members of the conference thought that we passed it over rather lightly, that it is a question that deserves some discussion. I am in the position of the man who leads the horse to water, but can not make him drink. I am glad to have all of these things discussed, and I try to be perfectly fair in keeping them before the conference. If anyone wishes to elaborate on that we will be very glad to have him do so. In order to have the matter before us in a fairly concrete way, and also in order to give an opportunity for a disinterested discussion of the matter, I am going to call on

Dr. Durand, who was formerly Director of the Census, and who has a great deal of information regarding the industry, and I think is truly disinterested.

MARKET INFORMATION.

Dr. DURAND. It was I who suggested to the chairman that enough attention had not been given to the matter of satisfactory market information to be given out promptly with a view to its influence upon shipments into the market. I know perfectly well that the trade journals do the best they can, but a good deal of information goes out which has not in any way obtained the sanction of the trade journals, and it is more or less untrustworthy. It is perfectly obvious that unless shippers have confidence in market reports they are going to be at a loss to know when the shipments should be made.

I do not know whether any private organization will be able to issue market reports which will be satisfactory to everybody. It may be necessary for the Federal Government to take it up. I should not be surprised if ultimately those interested would ask the Office of Markets and Rural Organization to establish an agency for sending out early morning reports and information concerning shipments, receipts, supply and demand, and matters of that sort. It seems to me that this is something that deserves further consideration. I will say that it is not because existing conditions and reports are necessarily wrong, but because people do not believe they are right. They may be wrong in not believing it.

I just want to say one or two things about the matter of uniform shipments and the dividing of the market among a large number of days. That would undoubtedly help materially, but you must not expect that prices in this industry will ever be free from considerable fluctuation unless, to be sure, all the producers and shippers of cattle get together and control their shipments by a little home trust, if you please. Here you have a perishable product that can not be kept without marked deterioration for any length of time, and here you have producers by tens of thousands scattered over hundreds of thousands of square miles. None of them knows what the other is going to ship. How can anybody forecast how many cattle should arrive in Chicago on a given date?

Under present conditions it is bound to be the case that there will be great irregularities in shipments from day to day, and week to week, even if you have a five-day market. I expect some time we will find a great association of producers who, at considerable expense to keep in touch with its members, will furnish information and more or less control the shipments that are to be made from day to day so as to prevent that great fluctuation. The packer wants uniform shipments, I am confident, but the packer can not control the shipments of people all over the country. You can not account for the way people think. One man is going to imagine that the price is going this way, and another man thinks it is going that way, and you can not figure out how these thousands of people are going to draw their conclusions about the trend of the market and make their shipments accordingly. Nobody can forecast it unless there is an agreement to control shipments.

As regards country buying, I do not pretend to be an expert on that at all, but up in our State, Minnesota, we take care of the small

producer of cattle fairly well by means of live-stock shipping associations. I presume they have been developed to some extent in other States, but I believe that we decidedly lead in that respect. The small shipper used to have to depend upon buyers coming around. He could not afford to ship on the central market himself and make up a car lot, but now a large proportion of these smaller shippers are members of the association and ship through it collectively. About one-fourth of them market through the associations now, and in a good many counties half or two-thirds of them, and it is a benefit to the shipper to get whatever competition there is at the central markets whereas with the system of country buyers they are much less certain of having any competition.

One other thing with regard to the failure of the number of animals in this country to increase, or the actual decrease that has taken place, and the general prospects of the industry. You must remember that this country is filling up with population; the population increased 21 per cent in the last decade; free land and cheap land is not lying around loose the way it used to. The live-stock industry, at least the cattle and sheep raising industry, are more or less characteristic of empty countries, countries that are not crowded. They can not afford to give so much of the land to the cattle-raising industry when the country becomes crowded. Putting it another way, people can not live so well when the country becomes crowded; you can not have such prosperity; the working people can not earn so much, and they have to control their consumption of things more expensive, and meat is the most expensive article of diet. I wish it were otherwise. You all know the price of live animals, while it must not be high enough to pay you just now, is a great deal higher than it was 10 or 15 years ago. When I was working on the Garfield report the highest price of cattle was 7 cents a pound, or from 5 to 7 cents, and I judge now they are from 8 to 10, and even a great deal higher. The wages of working people in this country have not gone up as much as that. The price of wheat and other farm products has gone up also more than the wages have, and that means that the working people are not as well off, and they are going to curtail on something, and they are more apt to curtail on beef than anything else. I am sorry that this is the case. It is not so encouraging to those who want to raise live stock, but I am afraid it is true.

The CHAIRMAN. I would be glad to have other persons discuss the market information question, or any of the three topics to which we decided to confine ourselves.

Dr. S. W. McCCLURE. Mr. Chairman, I asked yesterday how accurate the report of the receipts on markets were. It was not answered. I understand that yesterday it was stated that Chicago had about 20,000 sheep. I understand that the cattle receipts were between twenty-eight and thirty thousand. What I want to know is how we arrive at this receipt report. Whose business around the stock-yard is it to publish this information?

ADVANCE CAR REPORTS.

Mr. JERREMS. Answering the question I will state that at Chicago there is an advance car report put out about 20 hours in advance of the receipt of the live stock; that is, about 11 o'clock to-day we

I have an advance car report on three and sometimes five of the seven railroads entering Chicago, which will give the number of cars that they have had ordered and are in transit. The total number of cars is a matter of record early in the morning, say, at along 5 and 6 o'clock. The packers have men who obtain that information from the junction railway. The exchange has a man who also obtains that information, and the representatives of the commission men have the number of actual arrivals up to 6 o'clock, say, taking in perhaps 20 to 100 cars of cattle, and from 20 to 100 cars of hogs, and a lesser number of sheep and horses, estimating on the basis of the actual arrivals of each kind of live stock in comparison with the total number of cars that arrive at what is called an estimated run. As the cars come in the proportion of cattle, of hogs, of sheep, of horses may vary from the early estimate, or the early actual arrivals; and therefore at 7 o'clock a larger percentage of the number of cars are in, and a more definite estimate of the total number of each kind of live stock can be made; and very frequently the estimates given out at 6 o'clock in the morning do not exactly correspond with the actual arrivals of the live stock, as they come in between 8 and 10 o'clock. I think, in a measure, that will answer the gentleman's question.

Mr. CUTLER. There are mornings or days with a drop in the market, for instance, when 25 per cent of the cars that have been ordered are not used. Of course they eventually will come to market, and we have to be good-natured about it and let them stand on the sidetrack, and haul them when they are used; but I think the commission men here will bear me out in that that there are a good many days that there are more than 25 per cent, and there are some days that the market goes up and we are called upon to supply cars, and we can not supply them all in the time required. That is a condition that very often happens.

The CHAIRMAN. Mr. Jerrems, is that a compilation of figures prepared by salaried officers of the exchange, or disinterested employees, or traders themselves?

Mr. JERREMS. The representative of the exchange is a paid employee representing the exchange, and therefore represents the commission man. The people who obtain information for the packers are employees of the packers.

Mr. DE RICQLES. Is not it a fact that Mr. McCracken gets this up in Chicago?

Mr. JERREMS. Mr. McCracken, I believe, is not present.

Mr. DE RICQLES. Is he the man who does it?

Mr. JERREMS. No, sir; the information that I am giving you is the car report that is obtained from the various railroads and obtained by the junction railway. That is a matter of actual figures.

Mr. DE RICQLES. I took this matter up with the Western Union Telegraph Co. about this message, and they said that this message that we get in Denver or Fort Worth or North Portland is prepared by a paid employee whose name is McCracken, and that he goes around and gets this information together and sends it out as a part of the Western Union service, and the message that we get in Denver on the market is part of their commercial service in connection with quotations and it is sent that way. I have a letter in my possession to that effect, and whether this is in conflict with your information, or whether we are talking about two different things, I do not know.

It is the market message that we get in Denver that reports the number of cattle and hogs and sheep.

Mr. JERREMS. The Western Union Telegraph Co. send out early in the morning, 7 o'clock, a message that is called "C. & D."

The CHAIRMAN. It is the "C. N. D."—commercial news department.

Mr. JERREMS. The information regarding live stock on the 7 o'clock message carries the estimated run. That is based upon the same information that I say is obtained by these employees that I have been speaking of.

Mr. DE RICQLES. And McCracken is not that man?

Mr. JERREMS. I do not know where he gets the information, and I do not know that he has anything to do with the 7 o'clock message.

The CHAIRMAN. It is a regular practice, I know, for them to get subscribers to their C. N. D. service. This work is done undoubtedly.

Mr. BROWN. In connection with the Western Union reports I want to say that Mr. McCracken, as well as myself, may handle some of this business for the independent telegraph company in connection with the board of trade. Mr. McCracken gets this from the Western Union Co. He does not make them himself. I judge that the Western Union gets them from the live-stock exchange.

Mr. M. L. MCCLURE. I do not believe that as much importance is attached to that early telegram as it appears. I knew this question would be brought up here, and I talked with, I think, about 10 of our leading salesmen at the Kansas City yards, and I said: "What effect has your early-morning telegram that the live-stock exchange pays for, coming from Chicago, giving the receipts that early in the morning?" And they said absolutely none; that they priced their stuff regardless of what was added to that message showing the receipts. Now, a misstatement in regard to the receipts might effect the market to a certain extent, but what was added in regard to whether the market was higher or lower would not, and they all said that they did not price their cattle in accordance with the telegram for the reason that sometimes the Kansas City market was higher when the Chicago market was lower, and they were careful in regard to how they priced their stuff, and sold it regardless of any information from Chicago.

Mr. GRATTAN. Mr. Chairman, am I to understand that we don't know where this information comes from, and also to understand that in so far as Chicago is concerned it does not cut any figure? I don't want to think that so far as Denver is concerned that it does not cut any figure, because I am pretty sure that we rely upon it to some extent. Is not that true, Mr. de Ricqles?

Mr. DE RICQLES. Yes, sir.

Mr. GRATTAN. These figures are put down on the boards, and I notice that everybody goes to the board before 8 o'clock and before prices are made. Now, we should leave here clear in regard to this thing. Maybe my impression is not correct, but I should say, from what I gather here, that it does not amount to anything; it is not considered to amount to anything, and the origin of it is doubtful. Now, shall we take that word back to Denver? I think we ought to if that is the conclusion.

Dr. S. W. McClure. I think Mr. Grattan can best satisfy Denver by taking that board down.

Mr. GRATTAN. I am going to tell them.

Mr. M. L. McClure. We can get any report. At Kansas City we have it offered to us continually. The Postal brings the hog messages down there, and the Western Union the cattle messages. They divide between them. As far as the salesman is concerned we get about all the hog proposition when the market opens, and the other later on, saying whether it is high or low in Chicago. We only get one message on the cattle, giving the estimate of receipts. Now, the packers probably get one every hour, and if the commission men in Denver desire the information they probably can, by paying for it, get it from some of the live-stock papers here at Chicago, every hour if they want it, and as correct as it can be obtained from anybody. It all has to be an estimate.

Mr. HALLIWELL. In answer to Mr. Grattan, Mr. Brown has already said that Mr. McCracken furnishes the report to the principal telegraph company, or two telegraph companies, which he does. He is an associate of mine, and has been for a good many years. The telegraph companies are requested to furnish this information. They pay to have that information supplied to them, and it is supplied to them by Mr. McCracken, who has been doing that work to my personal knowledge for some 37 or 38 years. And he would not have to be in the business that he is in if he could tell just exactly what the market was going to be, or just exactly what the receipts were going to be. He could be one of the millionaires. He is absolutely unbiased in the matter. He is connected with the newspaper marketing reporting. That is his sole business, and I know of no more expert man in that business than he is.

As another of our associates, Mr. Poole, says, referring to the Government reports on corn and cotton and various other things, he usually refers to them as "guesstimates," instead of estimates, because I don't care who does it, the Government, or the State, or an individual, or the board of trade, or the packers, or what not, it is impossible to tell just how the later arrivals are going to run. You take it at 7 o'clock in the morning, as Mr. Jerrems has said, take the number of cars that are actually in, the number that are reported for the day, and estimate how the run is going to develop, it is impossible, as I have said, to tell just how those later arrivals are going to run. Sometimes the later trains will be very largely hogs, sometimes largely cattle, sometimes sheep, and then in these war times lots of horses will come in and no cattle or sheep. It is frequently cut down from the early estimates and frequently raised. These telegraph companies are expected to furnish this information early, and Mr. McCracken makes his estimate. He knows what the receipts were yesterday, a week ago, a month ago, a year ago. He knows what the condition of yesterday's closing market was. He knows the number of left-over animals. He has an estimate on the receipts at other markets, and he puts these together and forms the best judgment that he can and gives it to them.

Mr. Brown. I think Mr. Halliwell ought to state a little more fully. I believe at one time the Western Union and the Postal had in mind to call that a prospect. He sends a message at 8 o'clock, and

another at 10.30, and he sends a closing market around 1 o'clock, I believe. The first market report leaving Chicago at 7 o'clock is merely a prospect on the market, and I will say that 85 or 90 per cent of the prospects given there are really the true status of the market as it develops in the day. In other words, Mr. McCracken is 90 per cent correct. Of course, Mr. Halliwell has explained the variation in receipts.

Mr. HALLIWELL. It is a "guesstimate."

Mr. SHOEMAKER. I am from Denver, and I would like to explain the market report that is posted in the morning as a prospect. It is posted on the board as a prospect, just as Mr. Brown states.

The CHAIRMAN. Mr. J. M. Doud has prepared a statement regarding the five-day market, and we would be glad to hear from him briefly on that subject at this time.

CONDITIONS OF THE LIVE-STOCK TRADE.

Mr. DOUD. I did not know I was to speak on the five-day market plan, and I am not going to restrict it to that. I was a member of the five-day market committee for a number of years in Chicago and worked on both of our efforts in that direction. I did not calculate to speak on that matter at this moment; I prefer to read a paper that I have prepared and would be very glad to talk upon that a little later. The paper I have prepared is something on the conditions of the live-stock trade and its changes during the past 40 years that I have been identified with the trade.

Reviewing the live-stock industry and the many changes during the past 40 years, I find several shoals that have had and are having an effect which is injurious to the live-stock trade. I class them: First, actions by the railroads; and, second, actions by the buying power.

The first epoch market by the railroads was the passing of the interstate-commerce law, under which rebates were prohibited and competition eliminated.

The second was the agreement entered into by the railroads among themselves under which they agreed not to make better than a specified running time.

The first event marked by the buying power looked to the elimination of competition in buying, and the centralization of the purchasing power into the hands of a few; the control of the Chicago market and its use as a basing market followed this move.

The use of the immense packing-house tonnage for the purpose of forcing preferential freight rates and privileges was a natural move following the perfection of the first plan.

Previous to the passing of the interstate commerce act, competition among the railroads for the live-stock haul was rampant. Agents were at all western points who had the power to give what rebates were necessary to get the business. The rate at that time was 25 cents per hundred pounds from the Missouri River points to Chicago, but 40 per cent of this was given back to the shipper in nearly every case, and frequently 50 per cent was refunded on large shipments. This practice was carried on for years after the passage of the law, but not openly.

The CHAIRMAN. Just a moment. We are trying to confine ourselves to subjects that are really within the purview of the conference. If you have very much material that relates to the Interstate Commerce Commission, I will ask you to defer it. It seems to me if there is very much of that, it is a proper thing to present to the commission rather than to this conference.

Mr. DOUD. I think you will see that what I have to say is to lay a foundation for what follows.

Not only were rates cut but competition was equally as sharp on running time. Stock was bought at Missouri River markets one day and sold in Chicago the following day, and a guaranteed schedule of 21 hours between the markets was entered into, with a penalty or a claim paid when the 21 hours were exceeded.

Some 15 years ago the railroads entered into an agreement by virtue of which no company could exceed a certain time limit, and it now takes, under the best possible schedules, from 30 to 40 hours from the Missouri River to Chicago, and the same time from western Iowa and South Dakota—a lengthening out of the running time from 8 to 12 hours, while central Iowa is from 4 to 8 hours longer.

The lengthening out of running time is equivalent to an advance in rates of fully 25 per cent, as it makes but little difference whether the owner of the stock pays in cash or in extra shrinkage.

I mention these points, as the railroads contend that the live-stock business is not profitable at present.

I shall look back at this point before I finish and show that their actions belie their words; that, on the contrary, their actions indicate that their revenues from live-stock traffic are too high, as I will show that they are voluntarily reducing them for the benefit of the large interests.

They contend that rates on packing-house products are not remunerative, yet I will show they are sacrificing their local live-stock rates at the command of that big club, "packing-house tonnage."

So much has this preferential deal affected the railroads' income that they now feel it imperative that a new source of revenue be found, and they have pending before the Interstate Commerce Commission a prayer for a raise in rates.

The Interstate Commerce Commission said in their rulings some two years ago that the railroads must conserve their present revenue before any additional rates would be allowed, yet the Chicago & North Western has since that decision allowed one of the packers to place a buying point at Clinton, Iowa, with all of its advantages to this packer and all of its loss of revenue to the Chicago & North Western Railway. In justice, however, to the officers of the railway I wish to say that the traffic department refused this concession on account of the expense of operation and the loss of revenue, but they were ordered to put the arrangement in by their board of directors, which is another case of this tonnage club being used effectively.

One of the dominant interests has established, by courtesy of the railroads, buying points at Des Moines, Burlington, Clinton, Fort Madison, McGregor, and Muscatine, Iowa, and also at Savanna and Keithsburg, Ill., and by use of the tonnage club has compelled the railroads to apply the through rate to eastern seaboard points, where two local rates should apply.

You will note that these points are Mississippi crossings, and the rates applied is a Mississippi River crossing proportional rate, but so powerful is the club that they have forced the rate into Des Moines and McGregor, Iowa, where it could not by any stretch of the imagination apply. Ostensibly the stock shipped under this rate is stopped to feed, and is so billed, but as the stock is only off feed from one to six hours this is obviously only a subterfuge. No switching charge is made on stock stopped to feed, and their billing is for the purpose of overcoming the switching charge and also to maintain the through rates.

The stock so billed in reality is stopped to weigh, as the shipper is paid on basis of weights ascertained at these buying points; also to double deck; also to sort, as a part of each shipment are roughs or pigs that can not be used advantageously at those points, and the practice is to ship the good hogs to eastern points and the rough hogs to Chicago.

One of the railway company's oldest and strongest rules, the rule that is at the very foundation of every through rate, is violated daily. This rule is that the identity of the shipment must be preserved from the original point of shipment to destination. When there is no through haul there can be no excuse for a through rate, except the one reason, namely, the big club.

All of the conditions under which this traffic moves are conditions that apply to local hauls, namely, the breaking of trains, the 2 and 3 mile switch, the unloading, sorting, weighing, changing of equipment, reloading, making up of new trains, etc.

The principle of the making of the through rate lower than two locals is that the cost of breaking trains, the switchings, maintaining of terminals, cost of labor at stockyards, and making up of new trains are expensive, and railroads prefer the long haul in every commodity to two short hauls.

Let us see what the big club has cost the railroads in the way of revenue. We will take a car of hogs weighing 17,000 pounds from Monmouth, Iowa, to Clinton, Iowa, and from Clinton to Boston, moving under what is known as the Mississippi River proportional through rate. This rate is 35 cents from Clinton to Boston, and the Chicago & North Western's proportion is 19 per cent. Out of this a revenue is paid the Belt Line in Chicago.

The rate from Monmouth to Clinton, on the proportional rate, is 10.5 cents per hundred pounds, or \$17.85. Nineteen per cent of 35 cents, the rate from Clinton to Boston, on 17,000 pounds is 6.65 cents, or \$11.30, making a total of \$29.15.

Now, let us look at the revenue that should be received for this haul. Iowa distance tariff, Monmouth to Clinton, on 17,000 pounds is 8.7 cents, or \$14.79. The Clinton to Chicago rate on 17,000 pounds is 15.8 cents, or \$26.86, making a total of \$41.65.

The above shows a difference in revenue, in round numbers, of \$12 per car. On 40,000 single-deck cars moving annually under this rate the difference is \$500,000.

Outside of these 40,000 cars preferential conditions of exactly the same nature are being carried on for other of the big interests at Winona and Mankato, Minn., also at Boone and Fort Dodge, Iowa, so that an estimated loss in revenue of \$1,000,000 annually is probably none too high.

The powerful influence of that big club, packing-house tonnage, is further emphasized in view of the following facts.

It has been customary since railroads were built and live stock shipped for shippers of live stock buying at more than one station to start a car half loaded and fill it out at another station. This was done without an extra charge for the service. The railroads unanimously agreed about three years ago that a charge of \$2 should be made. Still later they unanimously agreed again that \$5 was the proper charge. Still later it was unanimously agreed that the inconvenience of stopping a train and switching a car could only be covered by charging the sum of two locals.

The point I want to emphasize is this: Not one of the railroads involved dared suggest that a switching charge be placed on the cars moving for the big interests, and while the rule as adopted charged local rates on intrastate business, the interstate business of the big interests went "Scott free." It was necessary that the railroads should fill the gap of lost revenue, and so they assessed it on the little fellow who had no paid traffic department to defend him.

So much for the railroads and the influence exerted over them by the big club. We will pass on to the other two points enumerated at the opening of this paper, namely, centralization of the buying power into the hands of a few men, and the curtailment of competition.

The buying referred to is done outside of Chicago, not to cheapen their cost price, for, as a matter of fact, they can not buy any cheaper, but they can influence Chicago quotations by keeping out of the Chicago market, and they can purchase large supplies on quotations so established.

Their purchases on Saturdays and Sundays at outside points are the heaviest of the week; every hog bought outside makes one less to buy in Chicago, and competition is restricted to just that extent.

There is also a suspicion that receipts are pretty evenly divided when they reach Chicago, and that each interest takes his percentage and no more.

This remark carries food for reflection and might be a reason why outside buying is in favor, as there is no chance for division when they do not come to Chicago to be counted and divided.

Centralization of the buying power at the markets has become so pronounced as to be a menace. Only a very few of the very smallest packers are believed to be free from influences such as stockholding and interlocking directorates by the dominant interests. They demand what they want, and the tonnage club does the work.

It is logical, I think, to presume that their demands in the past are indicative of their attitude in the future, and it is equally logical, I take it, that anything that is planned to be of so great an advantage to the small number who are benefited can not but be a disadvantage to the many. We have reason also to view with alarm the big interest, so frequently spoken of in this paper, having its representatives on the boards of directors of so many railroads.

I had not any intention of saying anything on the five-day market, although I spent several years on that work, but I am glad to see it taken up again, because I believe it is practical. The stumbling block which the last committee split on after some three years' work

was the fact that the railroad companies refused to schedule their trains arriving here for other than that Wednesday and Monday market. Although the Milwaukee road was the instigator of the plan originally, the Chicago Live Stock Exchange asked them to work with them in an effort to get the stock better distributed. The railroad companies absolutely refused to change their schedules from Mondays and Wednesdays, and the only reason the committee could work out was that the railroads were getting a large tonnage moving in a short time. My suggestion to that committee, and I carried it as far as we could carry it, was that we should split the Wednesday run by scheduling the fast trains on the Q., Northwestern, Milwaukee, Iowa Central, Minneapolis & St. Louis, and other tributary roads, so that all those trains would arrive on Thursday. Wednesday would naturally fill in from the stock that arrives here from a territory 200 miles around Chicago that has a daily schedule. That would give us a three-day market.

Dr. S. W. McCCLURE. This stuff that is bought in the country and comes in here direct, that does not appear among the receipts at market, does it?

Mr. DOUD. No; the stock that is bought at the points I refer to.

Dr. S. W. McCCLURE. It is not posted as receipts on this market during that day?

Mr. DOUD. No, sir.

The CHAIRMAN. I wish to thank Mr. Doud for his paper, and I want to add that people have spoken their minds freely, and no more freely than Mr. Doud has, and I think no harm has been done.

We are glad to observe during the course of the meeting one of the representatives of the large packing interests has come in, who has had a great deal of experience. We have had an extended discussion on problems that are very intimately related to their business, and I may say that there has been some very frank expression of opinion on all phases of the matter. I believe that it will help to a better understanding of the whole industry and improvement in it to have a statement from Mr. Arthur Meeker.

Mr. MEEKER. Thank you, Mr. Brand, I really did not come to talk; I came to listen.

The CHAIRMAN. We have been doing a great deal of talking.

Mr. MEEKER. I want to be a listener before I say anything.

The CHAIRMAN. Very well, we will call on you later. It occurred to me that possibly some representatives of the roads might have some statement that they cared to make in explanation and in development of the understanding of things with reference to Mr. Doud's formal paper. If so, we will be very glad to have them speak on it. I do not feel that it is essential, but I merely want to present the opportunity.

Mr. HARRIS. With reference to rebates, I think I have paid perhaps as much money to shippers as any man to-day on the railroad pay roll; and as to Mr. Doud's statement that 30, 40, and 50 per cent of the revenue has been paid back to the shipper, I am going to deal in facts and figures. The highest rebate I have ever known paid, and I think the highest that has ever been paid from Texas, was \$21 a car to Chicago, and the rate ran about \$100 to \$110 per car. In those days the rates were made in dollars per car—so many dollars for a trip from stations in Texas to Chicago, Kansas City,

or St. Louis. The highest money that I ever paid from St. Louis to Chicago was \$7.50 a car, and I had to pay as much as the other fellow or I could not get the traffic.

The service from the Missouri River, the Mississippi River, to Kansas City, from Kansas City and Omaha, St. Joe to Chicago, has averaged about 26 to 28 hours. The best service that we have made, except some few special runs—I think that the shortest time that has ever been made is about 16 hours and 20 minutes. I made that with 13 cars on the Wabash Road several years ago, riding the train myself. I think the Rock Island and other lines made it in 16 or 18 hours on one or two occasions; but the average, as I state, is anywhere from 24 to 28 and 32 hours. That travel brings you to the Chicago market without a feed, providing there is no accident. As to the stop and feed in transit, or stopping to pick up or fill out, occasionally before we had restrictions we did it free of charge. Later on it was considered that the charge was necessary, and I have never known anything less than \$5 per car, which charge is in existence to-day on the roads with which I am most familiar.

The CHAIRMAN. I am sure we appreciate Mr. Harris's statement.

Mr. STEWART. For the information of the gentleman, I paid last week from Hartford to Puyallup at a \$2 rate, and another time we pay a local rate of \$5 on a little less than 5 miles; and I think it is unjust to charge a local rate and then have another local rate as far as the Mississippi River.

While I am up I would like to make a few remarks on what I think is a very vital point to the live-stock interests and especially to the shippers. I speak of the time from Kansas City to Chicago of 16 hours. We have run several times from Blue Island to Chicago from seven to eight hours. I do not know whose fault it is, but I would like to see that remedied; and I think one of the vital points in shipment to this market would be very much helped if they would cut down one-third of the number of cars in our trains and in their place put on good cars to take care of the goods. I have been in the business 45 years and have had a good deal of experience in handling that stuff—from 200 to 600 cars a year for a little over 45 years—and I think that we ought to have a remedy. Now, up to the 23d of August, we had a quarantine law that we had some excuse for the railroads to hold us up from Blue Island, but since that time it has been eliminated, and I do feel that we ought to have some relief.

Also about the stockyards. Now, yesterday we had a quantity of stock. We are crowded down there in a small portion, and our cattle is not properly taken care of; and also in the stock division we have just about half enough yards, and they tell me that some of these hogs are kept there without feed or water, and it is impossible for them to have it.

Speaking of the question of unloading, I would be in favor of making a 36-hour, with a 40-hour limit, because wherever we unload it is a detriment to us, especially in bad weather. The worse the weather the more the stock should stay on the car.

Mr. BRAINARD. Mr. Chairman and gentlemen, I am simply one of two or three or four shippers here from Chicago and other places, and this question came up yesterday. I arise to obtain an

expression of the members present, commission men, shippers, and producers of live stock, on the question, "Is it more humane to retain stock on the cars in transit 40 hours by request than to unload them within that limit of time?" The present limit is at most 36 hours, by request. I would like an expression of the whole conference.

I am shipping from St. Louis, Chicago, Indianapolis, Kansas City, Louisville, Nashville, and those market points. Our shipment from St. Louis is the longest—620 miles. The Pennsylvania lines have undertaken to make that time. They have made it probably two-thirds of the time, but I have had my hogs unloaded—hogs only I am talking about—I have had them unloaded 20 miles out of Pittsburgh, turned out into a little one-horse chute, with no water and no feed, and held there for five hours and then loaded back into the cars again.

The CHAIRMAN. I think we may presume that practically all the men present are familiar with various experiences of that kind, and I see no objection to attempting to get an expression of opinion, if it can be gotten at promptly. I think that the best way to do is to get a general expression by putting it to the conference. The question really is: Shall the 28-hour law, with the possibility of an extension to 36 hours, be changed to 36, with the possibility of an extension to 40 by request? Those who favor this, as a mere expression of their personal opinion, will raise their hands. We can tell then in a general way what the opinion of the audience is.

(A vote was taken for the affirmative, 29 hands being raised.)

Mr. TOMLINSON. I would like to make a few remarks before this is voted on further.

The CHAIRMAN. It has no force; it is a pure expression of opinion.

Mr. TOMLINSON. It has no binding effect it is true. However, the proposition ought to be explained. I think my vote on the proposition largely depends on what the railroads will do if the time is extended. We have had a rather sorry experience in the extension of this time to 36 hours, and the result was that our live stock did not travel any farther in 36 hours than they used to in 28 hours. Now, it might result in the extension to 40 hours with the same experience that we would not get any farther in 40 hours than in 36 hours, and that would be a distinct disadvantage to the stockmen. When we joined with the railroads and secured through Congress an extension of the law to 36 hours, it was fully understood by the railroads and all the stock shippers that from a certain described territory, that is, take from western Iowa, Missouri River territory, to Chicago, or from the Panhandle or Texas points to the river markets, or eastern Colorado, that by that extension we could get to market without any unloading. Now, we have as many unloadings to-day as under the 28-hour law. The railroads simply abused that extension and consumed the longer time in not making any more distance. Now, to vote on this thing intelligently I would want some expression from the railroads, and in view of my past sad experience I am a little suspicious. Therefore, I am not a voter on this proposition.

The CHAIRMAN. In view of the facts, the chairman will withdraw the question, and we will decline to act upon it. The thought was merely to get some form of expression. Mr. Tomlinson is quite right

in that it is an involved and abstruse question that can not be arrived at in this conference, and I must rule that we can not take it up at this time. We are glad to have everything discussed and get impressions and expressions, but we do not want to run into extended questions that have many complications.

Mr. BRAINARD. May I be allowed a few minutes?

THE FIVE-DAY MARKET.

The CHAIRMAN. I think we had better close that discussion in view of the situation that has developed.

I want to go back to the question of the five-day market. It seems to me that we have all come to the conclusion that this is a matter of importance. Mr. Wallace's experience with the Air Line Railroad 22 and 30 years later illustrates how an important proposition never dies out of the mind, and apparently the five-day market is a case in point. Informally we have had promises of cooperation from several of the interests. I want to hear a little further from the representatives of the roads as to their impressions and their willingness to cooperate. I think that we are entitled after our discussion of this matter yesterday to feel that everybody in good faith wishes to do something to assist the industry.

Mr. BROOKS. On account of the Santa Fe system, I want to say unreservedly that we will support a five-day market plan to the extent of meeting with the transportation committees of the several exchanges, if necessary, that we serve throughout the country, for the purpose of modifying or revamping our train schedules, main or branch lines, throughout our entire territory, in order to form a plan and make it a success. I am also authorized to state on account of the Wabash Railroad, whose representative has just been called from the conference, that the Wabash is also behind the proposition.

Mr. SHIRK. I want to say for the Missouri Pacific, the line I represent, that we will subscribe to that same plan and will be glad to do it.

The CHAIRMAN. Are there other roads that care to speak on that subject?

Mr. McCARTHY. Speaking again upon that same subject, as I stated to the conference this morning, I had reason to believe the packers are in hearty accord with any practical plan that might be offered for a five-day market, and one of the larger packers has sent down a letter to be read into the record. The letter is from Swift & Co., and reads as follows:

NOVEMBER 16, 1915.

C. J. BRAND,
Chief Federal Bureau of Markets,
Department of Agriculture.

DEAR SIR: Wish to advise that it is Swift & Co.'s desire to cooperate on anything practical that can be worked out, and would like to suggest one subject which we think would be to considerable benefit to the industry in general, namely, a five-day market. Previous to the quarantine situation there was a good deal of cooperation between the commission men, railroads, and packers on this subject and we believe some little headway made. At the time of the quarantine regulations it was practically impossible to do anything further, and possibly not practicable to do much now, but as the quarantine regulations are gradually improving, and we hope before long will be a thing of the past, we think this is a subject that should be kept before everyone, so

that at the first opportunity the matter can be gone into—and is a subject that will take some time to work out, but we believe is one of the important ones, and by continual working on it considerable will be accomplished—and we would like to cooperate on this subject.

We realize that it will take consistent work by the commission men to change the ideas of some of the shippers who have in the past shipped usually for the two big days of the week, and we further realize that it means some rearranging of schedules by the railroads, all of which, however, we think could be gradually worked out to the advantage of all.

Believe it is hardly necessary to go into detail in regard to the advantage of the five-day market, as we think it is generally understood, and would have a tendency to avoid the extreme fluctuations in values.

Yours truly,

G. F. SWIFT, Jr.

That corroborates what I was saying to you this morning, Mr. Chairman, that if a practicable plan can be worked out I think you can reasonably expect the packers to cooperate in making it a success.

Mr. BOWLES. You called on me this morning to make a statement on that subject. I made the statement, and it has been corroborated by two other commission men; we all made the same statement, that the packers in this instance did cooperate with us and did try to support the five-day market, and the spot wherein we were blocked was the railroads, and I am glad to hear these men express themselves. I am on the market every day, and I know they did come out and try to favor us, but our failure was just where I told you.

The CHAIRMAN. I think, in view of the assurance of the hearty co-operation that we have had from the railroads, that we certainly can take the question up again in the hope of accomplishing something irrespective of what has been the experience before.

Mr. Meeker, would you speak on that subject for us?

Mr. MEEKER. I have not given this particular matter any attention lately. When it first came up, several years ago, it is my impression that the suggestion started with the railroads. They thought it was to their advantage instead of having two important market days in the week that they could do with less cars if they could string it out to have five equally good days. Everyone seemed to favor it at that time. We tried very hard to put it through. I think that the matter has gotten into its present shape for reasons stated in Mr. Swift's note, but it certainly was to our interest. Everything that is to the interests of the live-stock producer is mutually to our interest. As far as my firm is concerned, we will do anything we can to help bring that about.

I did not come here, as I said, prepared to speak, but to listen. When I was younger I was more of an optimist perhaps than I am now. I hoped to look forward to the time when everything ran well and easily, and in the best possible way. I was looking for a Utopia. It has not quite arrived. I think everything in a general way is a little better for all interests than years ago. I think every year the industry gets in better shape. Certainly we are in the main pretty well off in this country. I think we can congratulate ourselves in the fair degree of prosperity we are having, and in the avoiding of conditions that now are happening to the people of the old country.

The CHAIRMAN. It seems that the four great interests that are at stake in the question of the five-day market, namely, the producers,

the intermediaries, the railroads, and the representatives of the packers, are all agreed upon the desirability of such a market. Apparently, also, all are agreed that it can be worked out in a practicable way. They will all cooperate in making it effective. I am forced to conclude that these assurances here, every one of them, are made in the best of faith. They are certainly made in a conference representing an unusual number of interests. I am going to presume on my part, if nothing is done by others, and with the approval of the Secretary, should he see fit to grant it, to see that this proposition receives the thorough study that it deserves, in the hope that it can be worked out to a successful conclusion. As I said this morning when we opened the discussion on this subject, it seems to me that the question of sharp, sudden price fluctuations is closely related to this question of supply and demand in short periods of time. I hope that one of the good results of this conference will have to do with that question. I feel that it will not be a conference without results, even though that should not come from it.

I have been planning all through the conference to ask Mr. Heard to speak on some of the questions that the conference has discussed. He, as well as the Department of Agriculture, which is representing the producing interests, is very much interested in the holding of this conference. I feel that coming from a territory that does not have many of the problems this territory has, he can see all of the questions perhaps a little more clearly than some who are meeting the problems daily and feel them more acutely. I take pleasure in asking Mr. Heard to talk to the conference.

THE CONFERENCE.

MR. HEARD. Mr. Chairman and gentlemen, when on July 9 at the close of the very pleasant conference that we had with you and Mr. Burns in Denver on behalf of the American National Live Stock Association we wrote to the Secretary of Agriculture a letter suggesting this conference. It was with a sincere desire that the conference might be one in which all the very varied interests involved in the production, the handling, and the slaughtering of live stock might get together more closely; that there might be a really better understanding between these various interests; that there might be that real cooperation which is so essential to the best development of this tremendous industry. When I say tremendous industry, Mr. Chairman, I think I say it advisedly, because it is a fact—and I was brought up in a good old New England community where we were taught to value a fact—it is a fact that in the various interests included in this live-stock industry in the United States there is involved a capital fourteen times as great as the recent \$500,000,000 loan made to the allies, and it is especially essential, when you realize that this is the greatest American industry, that we should come together in a spirit of absolute fairness and in a spirit of absolute willingness to state what we believe to be the truth.

Now, the American National Live Stock Association is a decidedly constructive organization, in no sense a destructive one. It is composed of men who believe in fair play, just dealing, and stating the truth, and we felt that in suggesting this conference in that

letter of July 9, and the later correspondence that we had with the Secretary of Agriculture, we should prove in this meeting that it was a friendly conference; but we believe that true friendship is based on telling the truth to our friends even though at times the truth be not agreeable.

As you know, Mr. Chairman, it had not been my intention to attend this conference, owing to the fact that I live in Arizona and am not in direct touch with this marketing problem in the big centers. But at your request and at the request of our marketing committee I have attended, and I am exceedingly glad that I have been here.

I came here to get the facts, and it seems to me that if you review this conference you will find that the statements made by the representatives of the American National Live Stock Association are statements which have been carefully prepared, thoughtfully worked out, and not made as impressions or as the result of haste, but statements which are truthful and exact.

It is true that they contain certain decided criticisms of the present marketing control and of certain practices that now exist in these large markets, but it was the hope of the representatives of the American National Live Stock Association at this conference that we might sit here in a spirit of real friendliness and discuss with the various other men in different branches of the industry this problem, in a spirit of give and take and with the spirit of real cooperation.

I am very glad that Mr. Meeker has been here this afternoon, because this is a question in which you must have the complete and thoroughgoing cooperation of the packers through their actual executive representatives. I am exceedingly sorry that there have not been more of the representatives of the packers here at this conference so they might have taken an active part in these discussions which have been so interesting. It seems to me that while it would be inappropriate for me to discuss the details of this marketing situation it may be proper that I draw certain constructive deductions from this interesting conference.

I think it is a mighty fortunate thing that in view of all of the various conflicting expressions that we have had here there has been throughout the spirit of utmost good nature, because it is only by approaching these problems in a good-natured, just spirit that you can get anywhere.

I want to congratulate you, Mr. Chairman, on the exceptional fairness with which you have presided at this meeting. It seems to me that we can draw certain definite deductions from this conference, and they are these. There are certain things that the various speakers representing either the stockyards, the commission men, the producers, the railroads, and others who have spoken seem to be agreed upon, and they are these: First, that there have been violent and unnatural fluctuations in the prices of live stock in these central markets during recent years. It has been stated by gentlemen who ought to know that in many cases these fluctuations did not seem to be justified by the natural law of supply and demand. It seems to me, Mr. Chairman, that your particular bureau may well follow up that subject to considerable advantage.

Another thing that seems to be agreed upon is this: There is a constantly decreasing competition in these great central markets.

Now, competition is the life of trade. Competition is what the producer wants—real competition. The commission men have come here and said frankly that there is not as much competition as there should be and have shown a willingness on their part to see that competition be increased.

We have been able to show you that as a matter of fact the feeders in the Mississippi Valley, both in Iowa and Kansas, have not been making profits, and it seems to be generally admitted that on the other hand the slaughtering interests have been handling their business in a successful and prosperous way.

Now, we do not suggest pulling down these big interests. We are glad they are successful. I suppose there is in the world to-day no illustration so great of scientific efficiency as the great slaughtering interests of America. I am glad they are so efficient, but what we, speaking for the producers of the country, ask, is modifications of certain practices promptly put into effect so that prosperity may be more evenly distributed.

Now, another thing that seems to be agreed is this: As to certain definite improvements that might be adopted, I am glad to say that there is one point on which we can get on what we might call neutral ground. Every interest here, I am thankful to say, agrees that there is one definite remedy on which we can have strictly team play, and that is for a five-day stable market. If you only accomplish that one thing by this conference, Mr. Brand, I think it would be worth holding the conference, because there is something definite that has been agreed upon. Now, it seems to me that that can and should be done.

There is another thing that as a result of this conference should be done. There should be a definite and united effort to secure in some way real competition, although I do not know exactly how that can be done, Mr. Chairman.

There seems to be a pretty general feeling here that publicity is a mighty good thing, and it seems to me that we can agree upon this—on more complete, regular, and accurate publicity as to marketing conditions.

Now, I just want to say, in conclusion, one thing more. I believe that this conference should just be the beginning of a continued effort to really get together, to build up the stock interest, not to tear it down; to make every man who has anything to do with it more prosperous and more satisfied that he is in the biggest industry in the United States.

The CHAIRMAN. I certainly, as chairman, appreciate what it amounts to on the part of Mr. Heard to make a summary of the points that have been brought up and discussed, some agreed upon, and others partially agreed upon, but all of which the various interests in all honesty have put forward in the presentation of their viewpoints. I have a very distinct feeling that the conference is worth while, and I want to say frankly to Mr. Meeker that we are glad he came, and I, as chairman, am sorry that he was not present yesterday and this morning, and that others of the packing interests were not here with us. Nothing has occurred in this meeting, I think I can say with absolute candor and honesty, that would not have been just to them in the way of discussion and presentation. I think if another conference is ever held, and I say this in an abso-

lutely disinterested frame of mind, it will be wholly to the interest of the large packers, as well as to the other branches of the trade, to come right out at the beginning and meet with us and talk things all over. That is the spirit in which this conference has been conducted. I certainly appreciate your discussion, Mr. Heard, which is right to the point and summarizes in great part the proceedings of the conference. I feel that in a way it is a sort of a climax of the conference, and it seems a mistake, perhaps, to reopen discussion. Nevertheless I do not want to adjourn the conference without an opportunity for additional discussion. I want everybody to feel that they have been free, as I am sure they have, to speak their minds on all pertinent subjects. Are there any further constructive suggestions that we ought to consider?

THE RETAIL BUTCHER.

Mr. RUSSELL. I belong to the little, insignificant class called the retail butcher, but I feel that while I am here in the midst of the producer, the feeder, the commission man, and the packer that you all look to that little, insignificant retail butcher to furnish the money to do your business with. We are the men who pass it in ounces and pounds over the counter, and we have a great deal to contend with when these violent fluctuations in the markets are in force. Talking to an audience of this kind, men who are posted upon conditions in the market, it is very easy probably to explain, although some remarks have been made here to-day and yesterday that were not thoroughly explained. We contend that to the consumer we can not explain these violent fluctuations or these conditions, these shortages, and the different violent fluctuations that take place in the meat industry. We also have to employ help, not always the best or the most competent help, it is hard to procure. It is almost impossible to make the necessary explanation to the housewife or to the child who comes in with a few cents to buy a pound or two of meat, and is sent back, the mother probably thinking that they have been overcharged.

Of course I realize that we have been accused time and again of getting excessive profits out of the commodities which we handle. My experience is that I have not seen a very great many butchers get very wealthy in the last few years. Years ago when we bought our cattle for from 3 to 5 cents a pound there was no chance to lose money in the retail business. At the present time, when we are paying up close to a cent an ounce for good beef, it takes an experienced man to handle that business and get his dollar back again, let alone make much of a profit. Our help costs us more than it did years ago; the service which the public demands from the retail dealer to-day costs from four to six times more than it did five and ten years ago. All of that must be taken into consideration.

I must say truthfully as I stand here to-day if a man uses the delivery system and gives the service that the public demands to-day, he is a loser. It is impossible for him to make any money, no matter what he charges for a beefsteak. On different occasions we have to make from two to five trips to the same house in one day. If we don't do it, some other man in our line of business will do it. We have taken this matter up with organizations, housewives' leagues

and women's leagues, and with others to see if we could not educate them in the line of giving one order a day and let that be the end of it. It costs a great deal of money to have automobiles or horses and wagons to make delivery, and the checking out system to keep the employees honest, which we have to do.

Now, these things, I think would be no more than right, while it may not directly interest you people, but as I said before, we furnish the money that goes back directly to the people in the country; we furnish it to Brother Meeker here so that he can pay for the cattle, hogs, and sheep that he buys; and we come here in a friendly spirit, the same as all of you, to learn, to be educated, to know the reasons why cattle have advanced and prices have fluctuated. I have been in this business a good many years; I have been on the old Texas range years ago, when we bought yearlings for \$2.50 a head and 2-year-olds for \$4, and I have followed it down until, as Mr. McClure has said, a calf is worth \$40.

Another phase I would like to have you take into consideration before you pass final judgment on the retail butcher as making excessive profit is the matter of shrinkage. It is not live stock that shrinks the most. We buy these cattle and the minute we hang them on the hooks they start to deteriorate and shrink. Those things should be taken into consideration when you come to figure up the values and the profits of the products we handle. A lady made the remark the other day, "How can you charge 30 cents a pound for beefsteak? We see cattle selling in the country for so much, and in the yards for 10 cents a pound." I will leave it to the packer to tell what the shrinkage is in hanging that bullock on the hooks, and will leave it to the ordinary man to know that that whole bullock is not steak. To-day on the Chicago market, No. 1 ribs are 17 cents, and No. 1 loins are 24 cents, and I will venture to say that you can not go to the yards to-day and buy a big wagonload of them at that price. There is a certain lot of beef that a great many of us handle that does not come within that value, and we don't charge an exorbitant price for it. We have had a run of cattle on account of the quarantine, thin cattle that should be fed. It is a shame to kill them, but they came in and have been bought low, and have been sold reasonably low to us, and we have allowed the public to have the advantage.

The idea that goes out that the retailer has a combination or organization to hold up prices, is false. Why, you can look in any block in the city of Chicago, outside of the downtown district here, and you will see from two to four retail markets, and, as a rule, these men do not speak to each other. Competition is so keen that it has knocked out our friendliness.

The CHAIRMAN. I am sure that we are glad to hear from the retail interests of the trade.

Mr. GRATTAN. I want to ask the gentleman how the prices of meat compare with the fluctuations in the prices of live stock. I mean, the prices you pay the packer?

Mr. RUSSELL. I will have to answer that by saying that I saw on the floor of the exchange building in Chicago a little over a year ago, a great many of the feeders there buying cattle and the price advanced from $7\frac{1}{2}$ to 8 and $8\frac{1}{2}$ cents. If we needed the cattle so bad

as they did we would pay those exorbitant prices, but we have to hold our business down and keep a certain amount of stock, and use judgment in buying so that we are not caught short. Now, to answer your question direct, how do the fluctuations in prices affect the retailer?

Mr. GRATTAN. How do they compare with the fluctuations of cattle?

Mr. RUSSELL. I do not say that we get the advantage of all that fluctuation or drop on every occasion, but there are times when these men are filled up, when they are satisfied, and willing to call us in to make a bid on their cattle and clean them up. It is just like every other line of business, not excepting the retail business or the feeder, and I have never seen a man in business yet who would not buy as low and sell as high as he could in order to hold his trade.

We, in the retail business, are not allowed to do that so extensively as the man in the live-stock business, because we have to hold our trade. We depend upon volume to reduce our expenses. It takes from 14 to 16 per cent of an expense to run the ordinary, up-to-date meat market. At the present time we are running and making a gross profit of from 18 to 22 per cent. Now, sometimes we have losses of bad debts and other things to go in between there in making our monthly statement, especially in the warm months, which show no profit.

Mr. GRATTAN. When hogs drop \$1 a hundred, do you immediately get a drop, and, yesterday, when lambs dropped 40 cents, did you immediately buy your product that much cheaper?

Mr. RUSSELL. No, sir; they would not be on the rack until day after to-morrow.

Mr. GRATTAN. Well, will you get that drop?

Mr. RUSSELL. Well, if we don't, we will make an awful fight for some of it.

Mr. PRICE. I have been an interested spectator for a part of this meeting, and I want to say in behalf of Morris & Co. that they are heartily in accord with anything that is going to work out for the betterment of conditions generally, particularly as it will affect the producer and the consumer as well as the retailer. We come in contact with all three of them, and, as I said before, we are heartily in favor of anything that will better conditions. It occurs to me that perhaps the most important thing that has been brought out in this meeting is the five-day market, and I would like to go on record as saying that, so far as Morris & Co. are concerned, they are heartily in favor of that, and that they will do everything in their power to support it.

The CHAIRMAN. Is there any other statement that the representatives of the packing interests would like to make at this time? Some questions have been raised, discussion has been indulged in, and we want them to have an equal opportunity to respond to or discuss the questions with the other interests who have been represented. I feel that we have covered a very large field, and, for my part, I want to thank, in behalf of the Secretary of Agriculture, the gentlemen who have left their business these two days and more—Mr. Heard, for instance, three days en route each way, to attend this conference. As chairman, I want to thank you all for the

courteous way in which you have treated me, and, if I have closed the discussion abruptly, I want you to feel that it was only in order that we might hurry some other things.

Mr. Top. I was going to propose to offer a resolution giving a vote of thanks for the way in which Mr. Brand has handled this meeting.

(The above was moved and seconded, and carried unanimously by a rising vote, a member of the conference acting as chairman for that purpose.)

The conference adjourned.

(**NOTE.**—At the close of the conference the following paper was submitted by Mr. Charles G. Deibel, of St. Louis, Mo., a representative of the United Master Butchers of America, to be incorporated in the record.)

THE RETAIL TRADE.

MR. DEIBEL. Mr. Chairman and gentlemen, in my opinion this conference has been called for the purpose of encouraging the increased supply of meat-food animals. To do this it is natural that this industry should be made profitable, yet at a reasonable cost to the consumer. How to do this in the most practical manner, in my opinion, should be the paramount issue.

That the retailer is not alone in this is evidenced by the many statements of those engaged in the production and marketing of live stock.

However, while the retailer is the last, and I might say the smallest, handler of this commodity, we must not overlook the fact that he is the most important link in the endless chain of food distribution, and it is to him the consuming public, of which we are all a part, looks for its needs, and without him, even you gentlemen who are engaged in the feeding and raising of live stock would find your business of great hazard, notwithstanding the fact that proper food distribution of to-day requires knowledge that can only be obtained by close observation and experience and a life's study. Yet few who depend on this branch of your industry give full credit to the retailer in his efforts in that direction, and I would ask the privilege of presenting to you a few statistics gleaned from experience by the retailer in the past 20 years, dating back to 1894. First, let me call your attention to the fact that then, as now, 50 per cent of the dressed beef was and is retailed below cost; in addition there is a natural shrinkage of 5 to 10 per cent in cutting, on which the opinions are divided and many think it more. By this you will readily see why porterhouse steak costs you 25 to 30 cents per pound, especially when we take into consideration that there is only 7 per cent of this commodity in a carcass, as against 9 per cent scraps and trimmings, $10\frac{1}{2}$ per cent soup bones, and $5\frac{1}{2}$ per cent neck. The average selling price of these commodities is about 8 cents per pound, or 6 cents per pound below present cost.

By this it should be clear that the exorbitant profits the retailer is charged with are imaginary, and I may dare say that the retailer

who is in a position to get margin enough on the 50 per cent of finer and more desirable cuts to offset the loss on the coarser cuts is fortunate. Statistics will prove that while dressed beef prices have advanced almost 300 per cent in the past 20 years, the retail advance is hardly double what it was at that time. The question might be asked, "Why did not all retailers get independently rich at that time?" In answer to this I want to say that the opportunity was there, but competition and careless methods absorbed the largest portion of this profit, and the same element prevails to-day to a marked degree. Therefore, not to unnecessarily take up valuable time, I want to take up the meat of my subject—the high cost of meat foods and the cause.

Without a doubt the situation of the meat industry is of the greatest moment and importance that faces not only the consuming public but retailer and packer as well, and the greatest burden to-day is (as it always has been) on the shoulders of the retailer. It has always been his lot to carry the burden of distribution with very little compensation, and if someone took a notion to be abusive, he got that too. He has often been the stock in trade of some over-anxious politician or some sensational newspaper, but the burdens of the retailer are not at an end if the problem that confronts us to-day—that of increasing our supply of food animals—will fall to the lot of the retail butcher, and rightly so, it is in the power of the retailer to remedy the many evils that have brought about the present condition.

In the time of plenty we were wasteful; we encouraged carelessness, and we encouraged the housekeeper to cast aside the coarser cuts that often would have been more wholesome and palatable. It has been the retailer who has tempted the consumer with the young, fiberless, and nonnutritious meat, until to-day we are almost at a crisis and in a frantic panic. The young animals have been destroyed and the old are gone, but this is no time to reflect on the past; it is the present and future that confront us now. It is a remedy we must seek, and I believe this remedy lies within the grasp of the consumer.

There have been many solutions offered to remedy the present conditions, among which are legislation, education, agitation, and many others, but the quickest and most effective in my estimation is agitation. Agitation in a great measure is responsible for the present conditions; therefore it could be used as a remedy.

We encouraged the sale of young calves, lambs, and one-half-pound spring chickens; so should we encourage their preservation at this time. If we discourage the slaughter of young food animals we would encourage their preservation, and in a very short time the result would be apparent.

Education would apply in many ways. Our farmers should be educated and encouraged to the better methods of raising live stock and our housekeepers should be educated to make better use of the coarser cuts of meats that are often thrown in the wastebasket.

Legislation is usually a slow process and seldom has the desired effect. It often causes a hardship on those who are the least offenders, but legislation could and should be enacted that would prohibit the willful destruction of young calves.

Our young live stock should have the same protection we give our forests, our fish and game, and we should legislate for what is the best for the majority. We are depending more on the supply of our food animals than we are on fish and game; not only are we depending on our food animals for food, but for our shoes and clothing.

Cheaper cattle means cheaper beef and hides, and this means cheaper leather and shoes. More grown sheep mean more cheap wool and cheaper clothes. Fewer broilers mean more fowls and naturally more and cheaper eggs. Even our supply of pork depends on our cattle supply, as hogs are a by-product of the feed lot and can be fattened with very little or no expense, as they usually see that nothing goes to waste.

We often hear the cry that there is no money in raising cattle, and often hear it remarked that the great grazing lands of Texas, Montana—in fact, that the entire West—has been cut up into small farms; therefore, there is no more room for grazing cattle. This is a fact only to a small extent. Suppose we cut out Texas and Montana entirely, would that stop our live-stock supply? Not quite. These two States comprise but a small portion of our United States. What about our Central States, with millions of acres of pasture lands that are far better for this purpose than Texas ever was? Other States have not the large area of Texas, that is true, but look at the quality. It takes 18 to 20 acres of Texas land to pasture one steer, while in Missouri and other Central States it requires only $1\frac{1}{2}$ acres, and we have got millions of acres of our best pasture land going to waste in our Central States for want of habitation. This is all caused by the increased destruction of our young live stock.

For illustration, in the year of 1900 there were less than 2,000,000 calves slaughtered, according to statistics. In 1910 this had increased to over 8,000,000, and, according to reports of 1912, the demand has so increased that this slaughter of calves would probably reach 10,000,000, and only 12,000,000 beef cattle in the same period—almost as many calves as beef cattle! Had these same calves been allowed to grow to maturity, we would have almost doubled our beef supply, and, instead of 6,000,000,000 pounds of beef, we would have 10,000,000,000 pounds, and at a cost of almost half of what we pay to-day, and still leaving a good profit for the farmer who raised the cattle.

That there is urgent need of imminent action to prevent a further decrease in the number of beef cattle in the country, statistics conclusively show. On January 1, 1907, the number of cattle on the farms of the United States was 72,533,996. On January 1, 1912, the number had declined to 57,959,000—a loss of 15,000,000 or 20 per cent in five years. And while this immense loss was taking place, bear in mind that in the last 10 years our population has increased 15,000,000—a gain of 21 per cent. In other words, two cattle were lost in those 10 years for every man, woman, or child gained. In 1900, for every 100 people we had 90.3 cattle. Ten years later we had only 68. The result was inevitable. There were more mouths to feed and less food with which to do it; hence the big advance in the price of porterhouse and round steaks, of boiling beef and roasts.

There are other equally striking figures to prove that the United States is failing, lamentably so, in the task of feeding its own people. Eight years ago this country produced enough cattle for its own needs and exported 593,409 head, while the number imported amounted to only 16,056. Last year the number exported had fallen to 105,506, while the number imported had risen to 318,372. In other words, 8 years ago the United States shipped out 37 times as many cattle as it brought in; while last year it brought in 3 times as many as it shipped out.

While our Government has seen the necessity of reducing the tariff on meat foods imported, would this have the desired effect? For illustration, the reduction of 10 per cent on live stock is very material, but an increased demand for the live stock in foreign countries would also mean an advance in the price at home which would again place us in practically the same position as far as cheap meat products are concerned as we were before the tariff was taken off. Therefore, this being true, the only remedy is a natural one—that of increasing home production, which can only be done by saving our young live stock so as to allow them to reproduce.

To educate the farmer to raise more live stock is a problem. Naturally the farmer knows his business best, and if we expect to educate him we would be compelled to encourage the raising of live stock. This encouragement must be brought about by the best safeguards and protection within the knowledge of our most scientific and practical experiences. If we hope to encourage the farmer, we must protect his efforts so that he can operate with the least possible loss.

As our people depend almost entirely on the production of food animals, we must guard against every loss by disease, and this could be eradicated to a great extent if our live stock was under Federal or local supervision. The prevention of disease among live stock could be often confined to a small locality if the proper safeguards were available. We could and should have a live-stock commissioner for each State whose duty it would be to encourage and protect our live-stock interests. This, in my estimation, is the best and quickest way to encourage the farmer to preserve and raise live stock, just as our western fruit growers are educated and encouraged to better methods of raising fruit—and no one could say that our western fruit is not all that could be desired in the way of perfect fruit.

Therefore, while our legislatures are spending large sums of money establishing fish and game commissions, is it not essential that a little attention be given the most staple of foods, and protect our live-stock raisers against the least possible loss by contamination?

The prerequisites to increase our animal food supply and re-establish our fast-vanishing herds will require a combined effort. It will be up to the packer to refrain from tempting the stock raiser with high prices for calves or young live stock for which the packer is not wholly to blame. It is the consumer who demands of the packer in his thoughtless desire and cultivated tastes for young meat.

We must look to the American farmer and stock raiser for an adequate supply, and in his efforts he must or should be encouraged,

and all the safeguards of science placed at his command by protecting his efforts from contamination of disease and other obstacles that have always been a bone of contention. However, the farmer is not entirely to blame, as he has been tempted to sell his young live stock at premium prices to satisfy the cultivated palate of the consumer—neither is the packer to blame, as he is one of the middlemen catering to the wants of the consumer.

Hence, if the consumer will make a small sacrifice by refraining from his great desire for veal and other young meat food, it will not be necessary for the packer to pay the farmer premium prices for his young live stock to meet the demands of the consumer.

Cost and selling prices of carcass of beef weighing 500 pounds.

YEAR OF 1894.

Cut.	Per cent of carcass.	Weight.	Cost per pound.	Cost.	Selling price (cents per pound).	Selling price.
Sirloin steak.....	11½	56	6½	\$3.74	10	\$5.60
Porterhouse steak.....	7	35	8½	2.92	12½	4.39
Round steak.....	7½	39	6½	2.60	10	3.90
Rump roast.....	3½	18	5½	.96	8	1.44
Heel of round.....	3½	18	4½	.84	7	1.26
Flank steak.....	1	5	8½	.42	12½	.64
Prime rib roast.....	6½	34	8½	2.83	12½	4.25
Blade rib roast.....	3½	16	6½	1.07	10	1.60
Short rib soup meat.....	13	65	3½	2.18	5	3.25
Neck chuck.....	5½	27	3½	.90	5	1.35
Prime chuck.....	12½	63	5½	3.36	8	5.04
Prime shoulder.....	4	20	6½	1.33	10	2.00
Top shoulder.....	1½	8	5½	.42	8	.64
Shank soup bone.....	10½	52	1½	.70	2	1.04
Suet and trimmings.....	8½	44	1½	.73	2½	1.10
Total.....	100	500		25.00		37.50
Cost.....	100	500				25.00
Gross profit, not allowing for shrinkage and cutting.....						12.50

YEAR OF 1904.

Sirloin steak.....	11½	56	9½	\$5.11	12½	\$7.00
Porterhouse steak.....	7	35	11½	3.94	15	5.25
Round steak.....	7½	39	9½	3.77	12½	4.88
Rump roast.....	3½	18	7½	1.39	10	1.80
Heel of round.....	3½	18	6½	1.14	8	1.44
Flank steak.....	1	5	11½	.58	15	.75
Prime rib roast.....	6½	34	11½	3.91	15	5.10
Blade rib roast.....	3½	16	9½	1.55	12½	2.00
Short rib soup meat.....	13	65	3½	2.49	5	3.25
Neck chuck.....	5½	27	5½	1.53	7	1.89
Prime chuck.....	12½	63	7½	4.88	10	6.30
Prime shoulder.....	4	20	9½	1.93	12½	2.50
Top shoulder.....	1½	8	6½	.49	8½	.68
Shank soup bone.....	10½	52	2½	1.18	3	1.56
Suet and trimmings.....	8½	44	1½	.81	2½	1.10
Total.....	100	500		35.00		45.50
Cost.....	100	500				35.00
Gross profit not allowing for shrinkage in cutting.....						10.50

Cost and selling prices of carcass of beef weighing 500 pounds—Continued.

YEAR OF 1914.

Cut.	Per cent of carcass.	Weight.	Cost per pound.	Cost.	Selling price (cents per pound).	Selling price.
Sirloin steak.....	11 $\frac{1}{4}$	56	19 $\frac{1}{2}$	\$10.83	22	\$12.32
Porterhouse steak.....	7	35	22	7.70	25	8.75
Round steak.....	7 $\frac{1}{2}$	39	19 $\frac{1}{2}$	7.54	22	8.57
Rump roast.....	3 $\frac{1}{2}$	18	13 $\frac{1}{2}$	2.37	15	2.70
Heel of round.....	3 $\frac{1}{2}$	18	13 $\frac{1}{2}$	2.37	15	2.70
Flank steak.....	1	5	17 $\frac{1}{2}$	.88	20	1.00
Prime rib roast.....	6 $\frac{1}{2}$	34	17 $\frac{1}{2}$	5.95	20	6.80
Blade rib roast.....	3 $\frac{1}{2}$	16	13 $\frac{1}{2}$	2.11	15	2.40
Short rib soup meat.....	13	65	11	7.15	12 $\frac{1}{2}$	8.13
Neck chuck.....	5 $\frac{1}{2}$	27	11	2.97	12 $\frac{1}{2}$	3.37
Prime chuck.....	12 $\frac{1}{2}$	63	15 $\frac{1}{2}$	9.66	17 $\frac{1}{2}$	11.03
Prime shoulder.....	4	20	17 $\frac{1}{2}$	3.50	20	4.00
Top shoulder.....	1 $\frac{1}{2}$	8	13 $\frac{1}{2}$	1.06	15	1.20
Shank soup bone.....	10 $\frac{1}{2}$	52	4 $\frac{1}{2}$	2.25	5	2.60
Suet and trimmings.....	8 $\frac{1}{2}$	44	2 $\frac{1}{2}$	1.16	3	1.32
Total.....	100	500	.....	67.50	.....	76.90
Cost.....	100	500	.....	.....	.....	67.50
Gross profit, not allowing for shrinkage in cutting.....						9.40

(NOTE.—The following paper was submitted by Mr. W. B. Tagg, vice president of the South Omaha Live Stock Exchange, South Omaha, Nebr.)

THE BENEFITS OF MORE UNIFORM SHIPPING LAWS.

Mr. TAGG. Mr. Chairman and gentlemen of the convention, the question of the benefits to be derived from a system of more uniform shipping laws is not to be confused with the hoof-and-mouth disease. However, the recent epidemic of foot-and-mouth disease has called the attention of live-stock producers to the variety of shipping laws in the different States.

In the settling up of the Western States during the last few years it has come to be a recognized fact that feeder stock of all kinds can be raised to a better advantage in the West and South, where the land is cheaper and more accessible for grazing purposes, and the same stock can be fed to a better advantage in the Central and Eastern States, where the population is thicker, and where corn, oats, and alfalfa can be raised in greater quantities and at a cheaper price. Therefore, the live-stock proposition resolves itself into the question on the part of the western man of getting his cattle and sheep into the hands of the actual feeder, while the actual feeder is interested in laying in his supply of feeder stock as cheap as possible. The minute the live-stock feeder tries to lay in a supply of feeder stock, or the minute the range man begins to try to sell his feeder stock to the prospective buyer, he is confronted with a variety of State regulations governing the movement of live stock from one State to another. These regulations are numerous and varied, and quite often entirely unnecessary.

Each State sanitary board or commission passes such laws as they think are necessary to meet the requirements of their particular

State, and, as conditions in most of the States are a little different, the result is a variety of shipping laws which cause confusion and create a needless expense to the breeder, the stock raiser, and the stock feeder.

Again, it is a well-known fact that most of the pure-bred stock is raised in the Central States, while the best dairy stock comes from the Eastern and Northern States. Here again the prospective buyer, as well as the seller, is confronted with a variety of shipping laws, some of which are very hard to comply with. This means a loss in time and money to the seller as well as to the buyer.

We believe that the matter of quarantine regulations or inspection rules should be governed by disease centers, and not by State lines. For instance, in the State of Nebraska, the western half is devoted almost exclusively to range purposes, where cholera among hogs, or tuberculosis among cattle, is almost unknown; while in the eastern part of the State, which is devoted more particularly to farming, both diseases are more or less prevalent. In the State of Iowa, which is just across the river to the east, conditions are a great deal the same as they are in eastern Nebraska, but a farmer who has good breeding stock in western Iowa can not get it into Nebraska without complying with all of the Nebraska regulations, while the farmer who lives just across the river in Nebraska can ship the same class of stock to any part of Nebraska without any inspection whatever. We believe this should be changed.

Again, some of the Western States are interested in buying dairy stock from some of the Eastern States where they seem to have an oversupply. The regulations require dairy cows to pass certain tests for tuberculosis. Several cases could be cited in our own State where cows came in from Eastern States accompanied by a certificate showing that they had passed a satisfactory test, but upon a strict examination in Nebraska they were found diseased and condemned, and the investigation indicated crooked work on the part of the veterinarians at the original loading stations. There is a tendency toward work of this kind where parties in one State having some diseased stock get a chance to unload it on stockmen of another State. If the Federal authorities had charge of the movement of live stock interstate, the Government inspectors would stop this practice by giving more uniform, and, we believe, better service.

We know at the present time a number of parties in Iowa who want to buy stock hogs in western Nebraska, but the expense of having them tested and vaccinated makes it impracticable for the Iowa feeder to get his stock hogs in Nebraska, while a feeder in Nebraska can get them from one point to another in the State with little if any extra expense.

The Bureau of Animal Industry, through its inspectors, is in a better position to handle and locate disease centers than State authorities, for the reason that most of the Federal inspectors and veterinarians in the employ of the bureau are experienced men and are working under civil service, while in the different States the employees of the sanitary boards usually change with each political administration.

There is a movement on foot among the sanitary officials of the States in the Central West to get together on more uniform inspec-

tion laws, and we feel that they can well go further and shift most of the burden of interstate shipments to the Bureau of Animal Industry, where it could be handled more systematically and with better results to all concerned.

The live-stock men of the West have full confidence in the Bureau of Animal Industry, and Dr. Melvin, its chief, and we believe the Government officials, through the Bureau of Animal Industry, should have the authority and power to make all rules governing the movement of all stock interstate, and feel that the sooner laws of this character are passed the sooner disease in live stock will be stamped out and the industry put on a more stable basis.

INDEX.

	Page.
November 15:	
Morning session	11
Afternoon	36
November 16:	
Morning	85
Afternoon	119

BY NAME.

Bayliss.....	92
Bowles.....	72, 74, 101, 105, 136
Brainard.....	29, 110, 133
Brand.....	11, 17, 18, 21, 26, 30, 31, 35, 36, 38, 42, 50, 71, 74, 83, 84, 85, 87, 89, 92, 98, 99, 100, 105, 110, 118, 119, 124, 129, 132, 134, 135, 136, 139, 142
Brooks.....	18, 103, 135
Brown.....	126, 127
Burke.....	60, 74, 81, 90, 100, 109, 118
Collett.....	119
Curtiss.....	83
Cutler.....	79, 85, 102, 125
Deibel.....	143
Doud.....	128
Durand.....	123
Eaton.....	31
Grattan.....	87, 98, 114, 126, 142
Hallowell.....	127
Harris.....	107, 132
Heard.....	137
Jerrems.....	75, 100, 110, 124
Kelly.....	102
Kotal.....	39, 40
McCarthy.....	39, 99, 100, 110, 135
McClure, M. L.....	33, 99, 109, 110, 120, 126, 127
McClure, S. W.....	17, 26, 30, 80, 85, 98, 101, 104, 124, 132
McCrosky.....	111, 115
Macpherson.....	118
Marshall.....	76
Meeker.....	132, 136
Mercer.....	93, 100
Neff.....	26, 106, 119
Newman.....	35
Porterfield.....	102
Price.....	142
de Ricqles.....	28, 29, 42, 78, 85, 90, 100, 125
Russell.....	111, 140
Shirk.....	135
Shoemaker.....	128
Skinner.....	116
Stewart.....	133
Sykes.....	83, 98, 99, 108, 110
Tagg.....	148
Tasker.....	78
Tod.....	98
Tomlinson.....	14, 90, 134
Wallace.....	36, 73, 103
Watkins.....	32, 85
Weeks.....	32
Witherspoon.....	74
Whitmore.....	21, 77, 82, 116

BY SUBJECT.

(More important subjects only, supplementing Contents, page 3.)

	Page.
Animal Industry, Bureau of.....	40, 86, 90, 149
Car reports, advance.....	98, 107, 122, 124, 125
Classification of animals.....	71, 72
Competition.....	16, 17, 25, 70, 74, 116, 139
Conference, purpose of.....	11, 12, 117
Country buying.....	16, 17, 25, 68, 71, 72, 109, 111, 118, 123
Federal reserve banks.....	119, 120
Feeders' problems.....	34, 37, 45, 61, 65, 70
Feeding and finishing stations.....	21, 77, 80
Five-day market.....	17, 35, 50, 61, 63, 78, 98, 99, 107, 118, 123, 128, 131, 135, 139, 142
<i>See also</i> Shipments, concentration of.	
Interstate Commerce Commission.....	37, 45, 101, 129
Legislation:	
Proposed.....	12, 40, 98
Shipping.....	148
<i>See also</i> Twenty-eight-hour law.	
Live-stock shipping associations.....	124
Loan companies.....	35, 47, 51, 121
Market reports.....	26, 38, 49, 63, 119, 123
Official information.....	17, 69, 123
Packers and packing plants.....	14,
16, 38, 39, 46, 51, 55, 67, 70, 87, 97, 99, 113, 118, 137, 138, 139, 143	
Prices.....	15, 17, 19, 42, 43, 77, 88, 90, 92, 108, 116, 123
Quotations.....	27, 38, 125
Shipments, concentration of.....	18, 20, 32, 48, 68
<i>See also</i> Five-day market.	
Shrinkage.....	19, 20, 32, 48, 68
Stockyards.....	17, 31, 32, 52, 55, 56, 119, 133
Supervision, State or Government.....	17
Telegraph companies.....	28, 30, 125
Transportation:	
Railroads.....	18, 20, 23, 37, 79, 93, 107, 128, 132
Schedules.....	18, 20, 101, 102, 132, 135
Service rendered.....	20, 80, 104
Accommodations for attendants.....	23, 80, 83
<i>See also</i> Twenty-eight-hour law.	
Twenty-eight-hour law.....	19, 24, 26, 50, 79, 133

